

ECONOMIC AND RURAL DEVELOPMENT  
AND  
TELECOMMUNICATIONS  
COMMITTEE

FINAL REPORT  
2003 INTERIM

Legislative Council Service  
January 2004

**ECONOMIC AND RURAL DEVELOPMENT  
AND  
TELECOMMUNICATIONS COMMITTEE**

**2003 Interim Report**

The Economic and Rural Development and Telecommunications Committee was created by the New Mexico Legislative Council. The committee met six times during the interim. This report contains the committee's work plan, budget and minutes. The committee members were:

**VOTING MEMBERS**

Sen. Roman M. Maes, III, Chair  
Rep. Mary Helen Garcia, Vice Chair  
Rep. Jose A. Campos  
Rep. Richard Cheney  
Rep. Daniel R. Foley  
Sen. Mary Jane M. Garcia  
Sen. Phil A. Griego  
Sen. Clinton D. Harden, Jr.  
Sen. Carroll H. Leavell  
Rep. Patricia A. Lundstrom  
Sen. John Pinto  
Rep. Raymond M. Ruiz  
Sen. William E. Sharer  
Rep. Richard D. Vigil

**ADVISORY MEMBERS**

Sen. Ben D. Altamirano  
Sen. Dianna J. Duran  
Rep. Dianne Miller Hamilton  
Rep. John A. Heaton  
Rep. Ted Hobbs  
Sen. Stuart Ingle  
Sen. Timothy Z. Jennings  
Sen. Raymond Kysar  
Rep. Andy Nunez  
Rep. Pauline J. Ponce  
Rep. Debbie A. Rodella  
Rep. Nick L. Salazar  
Sen. Leonard Tsosie

**Staff**

Gordon Meeks  
Larry Matlock

**2003 APPROVED WORK PLAN**  
**for the**  
**ECONOMIC AND RURAL DEVELOPMENT AND TELECOMMUNICATIONS**  
**COMMITTEE**

The Legislative Council has requested the Economic and Rural Development and Telecommunications Committee to review the Economic Development Department's implementation of initiatives approved during the last session and to then focus on two or three other of the most relevant issues of interest to the committee. In terms of the economic development initiatives passed last session, the committee will review tax measures that relate to economic development, recruitment of film productions, venture capital investments by the state investment officer and the marketing organization of the Economic Development Department. The committee additionally proposes to hear testimony on future economic development, rural development and energy production and transmission issues.

With respect to future economic development, the committee proposes to discuss and hear testimony on the recruitment of businesses and related telecommunications issues. The committee will specifically examine certain methods of promoting business activity in New Mexico, such as working with business incubators that attract and facilitate business creation in the state. The recruitment of high-technology businesses such as biotech companies and e-businesses will also be considered. Testimony from representatives from New Mexico First and biotech companies such as Next Generation Economy are proposed to facilitate discussion of those issues. The committee additionally proposes to hear testimony regarding the improvement of telecommunications policy and rural extension and water issues.

The committee further plans to discuss and hear testimony on issues most relevant to rural development. Among these issues are the recruitment of certain businesses, including high-technology businesses, to rural areas. Other possible topics of discussion include telecommunications policy and rural extension and border development.

Finally, the committee proposes to examine issues relating to energy production and transmission. The committee specifically proposes to discuss and hear testimony regarding alternative energy production in New Mexico and gas transmission and pipeline capacity.

**APPROVED 2003 MEETING SCHEDULE AND BUDGET**  
**for the**  
**ECONOMIC AND RURAL DEVELOPMENT AND TELECOMMUNICATIONS**  
**COMMITTEE**

MEMBERS

August 4-5, Taos

August 25-26, Santa Fe

September 11-12, Las Cruces

October ?, Santa Fe

November ?, Santa Fe

<b>TOTAL BUDGET APPROVED</b>	<b>\$25,000.00*</b>
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\*This total does not include expenses for advisory members (\$26,175.36).

**MINUTES  
of the  
ECONOMIC AND RURAL DEVELOPMENT AND TELECOMMUNICATIONS  
COMMITTEE**

**June 12, 2003  
Room 322, State Capitol**

The first meeting of the Economic and Rural Development and Telecommunications Committee was called to order by Senator Roman M. Maes, III, chair, at 10:05 a.m. on June 12, 2003.

**PRESENT**

Sen. Roman M. Maes, III, Chair  
Rep. Mary Helen Garcia, Vice Chair  
Rep. Jose A. Campos  
Sen. Mary Jane M. Garcia  
Sen. Phil A. Griego  
Sen. Clinton D. Harden, Jr.  
Rep. Patricia A. Lundstrom  
Sen. John Pinto

**Advisory Members**

Sen. Dianna J. Duran  
Rep. John A. Heaton  
Rep. Ted Hobbs  
Rep. Andy Nunez  
Rep. Nick L. Salazar

**ABSENT**

Rep. Richard Cheney  
Rep. Daniel R. Foley  
Sen. Carroll H. Leavell  
Rep. Raymond M. Ruiz  
Sen. William E. Sharer  
Rep. Richard D. Vigil

Sen. Ben D. Altamirano  
Rep. Dianne Miller Hamilton  
Sen. Stuart Ingle  
Sen. Timothy Z. Jennings  
Sen. Raymond Kysar  
Rep. Debbie A. Rodella  
Rep. Thomas E. Swisstack  
Sen. Leonard Tsosie

**Staff**

Gordon Meeks  
Amy Chavez  
Larry Matlock

**Guests**

The guest list is in the meeting file.

**Thursday, June 12**

**COMMITTEE SCOPE OF WORK**

Senator Maes introduced Bill Garcia, former secretary of economic development, retired Intel director of public policy for New Mexico, former director of public relations for U.S. West and board member of Valor Telecommunications Company. Mr. Garcia told the committee that

he had met with representatives of the Albuquerque Economic Forum of the greater Albuquerque Chamber of Commerce. He said that the economic forum is statewide in its focus and includes members from commerce and industry, and indicated that the forum would like to provide input for the committee's consideration and information on what is on the minds of the business community. He said that he did not advocate that the committee duplicate the efforts of the governor's tax commission, but that taxes are important to the state's economic development opportunities. Other important topics that he hopes the committee will include in its agendas are business incubators, E-business, telecommunications industries, the survey of competitiveness, New Mexico First's town halls on economic development, the national science foundation's EPSCOR program assisting New Mexico universities, spin-off companies out of federal laboratories and the status of high technology businesses. He said that the forum is prepared to assist in organizing and providing presentations to the committee.

Questions and discussion included:

- water as it affects economic development;
- tax commission's work plan;
- the New Mexico Finance Authority's support for infrastructure improvements;
- tourism;
- promotion of the state;
- marketing;
- hydrogen technology initiated in Los Alamos and Sandia laboratories;
- energy, including nuclear power; and
- New Mexico becoming a strategic energy reserve.

### **ECONOMIC DEVELOPMENT DEPARTMENT LEGISLATIVE INITIATIVES**

Rick Homans, secretary of economic development, thanked the legislature for its collaborative and cooperative spirit during the session and said that a strong relationship with the legislature is critical. He thanked the members for their support during the session. He said that after 135 days of the new administration, 1,000 new jobs have been created, mostly in rural New Mexico. Secretary Homans stated that these jobs were created in Clovis, Artesia and Roswell, and that the administration is working on prospects in Espanola, Silver City and Alamogordo. According to Secretary Homans, the average wage of the new jobs is \$16 to \$18 per hour and the administration intends to increase the state's per capita income. He said New Mexico is third highest in the country for job creation, and added that the state is usually at the bottom. The secretary noted that he has been traveling all over the state and intends to spend time with every business that plans expansion in New Mexico. "If we don't spend an hour with the owner, we'll be reading about that business packing up and leaving," he said. He intends to be proactive and aggressive. "We've got high expectations," he said.

He reported that the Economic Development Corporation created by the legislature will be expected to perform. He said that he expects no rhetoric, just numbers from it, and "if we keep hearing excuses, we'll get somebody else in". According to Secretary Homans, the private sector is responding with cooperation and the corporation has received offers for office space in

Albuquerque and donated vehicles.

He said access to capital is a key ingredient, noting that the New Mexico Finance Authority infrastructure financing and the state's investment office will coordinate their fiscal policies to improve the state's economic development potential. For example, the state investment officer can now invest in real estate, land or buildings for a company expanding here. He said that with the New Mexico Finance Authority in coordination with all finance agencies, the state has real resources to bring to bear on the challenge by integrating, leveraging and bringing players together to create jobs. He said that water, tax reform, promotion, trade with Mexico, film industry investments and retaining military bases are also priorities. He finished by saying he is acutely aware of the plight of rural communities and spends lots of time in rural communities. The main opportunity there is not 500,000 jobs, it is 10, 20, 30 jobs at a time. He stated that the small job sources have tremendous impact in communities like Clayton and Alamogordo, and that the state has to focus on these small, small deals.

Questions and the discussion focused on:

- staffing of the Economic Development Department (EDD);
- the department's interaction with other local recruiting organizations;
- the agricultural economy;
- the manufacturing economy;
- the role of educational institutions;
- lack of assistance and information in small communities in northern New Mexico;
- rural telecommunications;
- availability of health care;
- outreach and service to small communities by EDD;
- financing infrastructure;
- universities' effect on business development;
- the Department of Environment's permitting activities and the efficiency of that department — the culture there that needs to be changed from the top down;
- lobbying efforts in Washington, D.C.;
- tax credits and the need to be able to barter them;
- establishment of the Economic Development Corporation, the business recruits it brings in and how rural communities may have access to these recruits;
- goals for job growth;
- tourist attractions off the beaten path and the quality of highway access to them;
- the need to maintain state jobs in rural areas;
- in-plant training; and
- funding for community development and EDD's certification program for technical assistance to communities.

Fred Peralta, secretary of tourism, told the committee that New Mexico has 27 scenic byways that his department is promoting. He said that New Mexico is a rural state. The Tourism Department has changed its attitude to market New Mexico as a place to come and

experience, and is emphasizing byways and rural areas. He noted that part of the job is to talk to communities to discover how they are operating and offer assistance to them to attract visitors. He stated that he wants to work more effectively to bring together all the players to market rural areas. He said that decisions about visiting a place are made in a short period of time, usually three to six weeks ahead, which requires more care on how New Mexico markets itself and requires the state to be more current on what is marketed. According to Secretary Peralta, potential visitors go online to get current information; the average tourist does not have the time for a long visit and stays for a three- or four-day visit, not a week or two as in previous years; and the average tourist takes four or five trips per year.

He said that the department previously devoted 95 percent of its budget on planning how to spend it. Now, he reported that the department only spends 50 percent and holds 50 percent so it can react and work with communities to influence the market right now. Secretary Peralta said his department is finding opportunities to get good advertising benefits now since lots of people are pulling back on their promotional ads, resulting in segments of marketing venues being empty. He gave the Times Square ad as an example: it cost \$85,000 and partners paid \$60,000 for the billboard, and the department is getting two months of free advertising because the owners of the billboard cannot find a new customer. He said the department is going to do a billboard in El Paso that will read "A cool place to visit: New Mexico", and that it will show the temperature in Silver City or Ruidoso. "We're trying to find the triggers that make people come here," he said.

Committee questions and dialogue focused on:

- Internet access in rural New Mexico;
- promotion of the Blue Hole in Santa Rosa for divers;
- the visitor's guide subject matter;
- cooperative advertising funds;
- use of hot links on the web to promote activities in New Mexico;
- marketing of southern New Mexico and farm tourism;
- promotion of the original Santa Fe Trail;
- emphasis on attracting minimum wage jobs and the need to focus more on higher wage job attraction;
- improvement of welcome centers; and
- promotion of Native American cultural centers.

The committee set its meeting dates for the interim: no meeting in July; August 4 and 5 in Taos; August 25 and 26 in Santa Fe; September 11 and 12 in Las Cruces; and October and November in Santa Fe to be set after announcement of the date for the special session.

The meeting was adjourned at 12:39 p.m.



**MINUTES  
of the  
ECONOMIC AND RURAL DEVELOPMENT AND TELECOMMUNICATIONS  
COMMITTEE**

**August 4-5, 2003  
Klauer Campus, University of New Mexico  
Taos**

The meeting of the economic and rural development and telecommunications committee was called to order by Senator Roman M. Maes, III, chair, at 10:10 a.m. on August 4, 2003 at the Klauer campus of the university of New Mexico in Taos..

**PRESENT**

Sen. Roman M. Maes, III, chair  
Rep. Jose A. Campos  
Sen. Mary Jane M. Garcia  
Rep. Roberto "Bobby" J. Gonzales (8/4)  
Sen. Clinton D. Harden, Jr. (8/4)  
Rep. Patricia A. Lundstrom  
Rep. Raymond M. Ruiz

**ABSENT**

Rep. Mary Helen Garcia, vice chair  
Rep. Richard Cheney  
Rep. Daniel R. Foley  
Sen. Phil A. Griego  
Sen. Carroll H. Leavell  
Sen. John Pinto  
Sen. William E. Sharer  
Rep. Richard D. Vigil

**Advisory Members**

Rep. Pauline J. Ponce (8/4)

Sen. Ben D. Altamirano  
Sen. Dianna J. Duran  
Rep. Dianne Miller Hamilton  
Rep. John A. Heaton  
Rep. Ted Hobbs  
Sen. Stuart Ingle  
Sen. Timothy Z. Jennings  
Sen. Raymond Kysar  
Rep. Andy Nunez  
Rep. Debbie A. Rodella  
Rep. Nick L. Salazar  
Rep. Thomas E. Swisstack  
Sen. Leonard Tsosie

**Staff**

Gordon Meeks  
Larry Matlock

**Guests**

The guest list is in the meeting file.

## **Monday, August 4**

Senator Maes opened the meeting by introducing the following Taos city council members present in the audience: Rudy Abeyta, Frank Cruz and Erlinda Gonzales. The committee members introduced themselves and the audience members were invited to introduce themselves.

### **WELCOME AND UNM-TAOS OVERVIEW**

Alicia Chavez, executive director of the university of New Mexico-Taos branch campus, introduced herself and said that she had been the dean of students at the university of Wisconsin in Madison. She said that the Taos campus received official branch status from UNM. The enrollment has increased from 297 to 1,700 in less than six years. The Taos school board serves in an advisory capacity. According to Ms. Chavez, most of the student body is composed of single-parent women who hold down full-time jobs as well as attend the school full-time, thus, they have different needs than conventional college students from earlier times, and the campus needs the infrastructure and personnel to be able to serve its students' needs.

The committee asked about and discussed:

- curriculum and degrees offered by the school, especially nursing;
- distance education and web-based curriculum;
- residential facilities for visiting faculty;
- innovations in class structure and schedules to accommodate students and part time temporary faculty;
- voter support for gross receipts tax capacity;
- the need to maintain local funding and receive state matches;
- film curriculum on campus;
- vocational education and apprenticeship programs;
- the rapid increase in attendance, Taos' distance from other campuses and the proximity of so many highly credentialed professionals willing and available to teach;
- certification of vocational education programs;
- demographics of the student body; and
- availability of fiber-optic telecommunications network.

Representative Gonzales requested a few minutes on the agenda and was recognized by the chair. He told the committee that he appreciated the committee scheduling its meeting in Taos. He thanked his colleagues for approving the Taos campus as a branch of the university of New Mexico and approval for the campus to get a one-time gross receipts tax allocation from the hospital. He also acknowledged Secretary of Economic Development Homans for his emphasis on the rural parts of the state. Representative Gonzales asked the committee for its support for highway improvements because the roads into and around Taos are the community's life blood, and tourism and other economic considerations are directly related to transportation quality.

Senator Harden endorsed Representative Gonzales' comments and added that the department of transportation's closure of a bridge in Quay county on route 66 has stymied the ability of people to move their products back and forth and has caused the whole region lost tourism dollars. He said that infrastructure is important in rural New Mexico, and that people in metro areas take infrastructure for granted.

## **ENCHANTED CIRCLE ASSOCIATION OF GOVERNMENTS ECONOMIC DEVELOPMENT PROGRAM**

Gabriel Romero, county commissioner, and Gayle Martinez, director of the Taos chamber of commerce, told the committee that a number of disparate factors affect the Taos economy. For example, medical care providers leaving the community have a significant impact on the economy directly and indirectly. Regional air service and e-commerce are also very important.

Questions and discussion addressed:

- the multiplier effect of jobs;
- the percentage of private land in the area;
- recruitment of new businesses and training for employees;
- the role of the arts in Taos' economy;
- the role of alternative health care in the local economy;
- real estate trends and housing costs as they affect the economy;
- golf as a tourist attraction;
- the need for highway improvements; and
- gross receipts taxes.

Senator Carlos R. Cisneros and Luis Reyes, general manager of Kit Carson rural electric

cooperative, spoke to the committee about the coop's diversification program and its provision of internet emergency communications services. They said that the opportunity to enhance telecommunications will be mostly in wireless technology in the Enchanted Circle area, which is the circle formed by connecting Taos, Angel Fire, Eagle Nest, Red River and Questa. They said that education will be enhanced by distance learning components installed in the region's high schools and, likewise, telemedicine can link all the rural clinics to the Holy Cross hospital, thus providing, theoretically, communities like Questa with the resources of a big hospital in Albuquerque.

According to Senator Cisneros and Mr. Reyes, educational opportunities through the web will establish a well-educated workforce providing the best of both worlds, a better lifestyle in rural northern New Mexico and a healthy economy.

Questions and discussion from the committee addressed:

- new legislation on rural cooperatives' licensed authority; and
- the effect of wholesale energy rate increases.

A motion was made and adopted to send a letter from the committee to voice its position in opposition to the increased rates.

## **WATER AND ECONOMIC DEVELOPMENT**

Brian Burnett, chair of the governor's blue ribbon task force on water, told the committee that business needs more predictability regarding water. He said the governor's task force is focusing on eight major policy areas: water planning and education; Native American and acequia water rights; conservation; completion of water rights adjudications; protecting the state's authority over water within its borders; maintaining a healthy environment; establishing agreements and institutions to achieve delivery of water to users; and financing all the water needs of the state.

Eileen Grevey-Hillson, Albuquerque economic forum, thanked the legislature for enacting the Water Project Finance Act. She said that there is \$650 billion in water project needs nationwide. In order to obtain federal money, New Mexico must be capable of contributing matching dollars or it will not be able to compete with other states that do. She said the state needs additional funding mechanisms to generate more money and more collaborative efforts. According to Ms. Grevey-Hillson, the state will have to become more creative in attacking water problems, such as developing ways to use brackish water and recycling water by using effluent in cooling systems at power plants. Other problems the state has to tackle include reducing the catastrophic fire risk, restoring riparian areas and mediating water conflicts rather than litigating.

Questions and comments addressed:

- the state supreme court's efforts to accelerate water adjudications;
- mining of the Ogallala aquifer and remedies for that;
- toxicity of salt cedar when it burns;
- development of the state water plan;
- use of goats for removing salt cedars;
- instead of transference of water, transference of jobs to rural New Mexico; and
- g.o. bonding locked in for a five-year period to fund water needs.

The chair recognized Erlinda Gonzales, Taos city councilwoman, to make a few comments. She said that the Enchanted Circle intergovernmental council is one of the best forums to examine the issues and keep its members and the community informed. The recent fire at the pueblo of Taos and problems at the landfill are examples of issues and immediate problems that the council has coordinated responses to.

## **HIGHER EDUCATION'S ROLE IN ECONOMIC DEVELOPMENT**

Van Romero, vice president for research at New Mexico institute of mining and technology, said that economic development is an integral part of what universities do. He introduced a panel of academicians who collectively briefed the committee on various economic development impacts of the universities. Dr. Romero began the discussion by describing some of the efforts of New Mexico tech. He said that New Mexico tech has contributed to economic development and cited its work in optical coatings, laser weapons programs and a customer-oriented production facility. He said that New Mexico tech is also working with Carlsbad, outside the Rio Grande corridor, on possibilities associated with hazardous waste and other types of nuclear activities.

John Young told the committee that economic enterprise has four essential areas of concern in New Mexico: health care, workforce development, small business and high technology. Universities are at the heart of economic enterprise.

For example, New Mexico state university has a long history of community involvement and commitment to economic development through its cooperative extension offices. This resource can be augmented to become a catalyst for economic development. Communication infrastructure is key to bringing technology from urban to rural areas, and the state needs infrastructure. Of course, the primary role of educational institutions is training individuals to create an educated body within the state. Information science is the key in all technology centers. New Mexico pecan growers exported \$1 million of pecans that would not have been exported.

In addition, the economic development center at New Mexico highlands university has a three-pronged approach: grant mining, business web development and San Miguel county partnership. The university is working with the community to prepare a proposal to redevelop abandoned housing in Las Vegas and turn it into student housing. The university is providing incentives to the faculty and staff to move back into the city. It is also helping to acquire and renovate a building near the old railroad station into an e-commerce building. The university also provides training and employment to local citizens.

Donna Smith told the committee that Los Alamos national laboratory has been asked to assist the governor's office with a science advisor. This year, the governor asked for an education advisor and an economic development advisor. Elmer Salazar has been assigned to serve in that capacity.

Questions and discussion from the committee dealt with:

- public outreach programs;
- rural services;
- small business assistance centers;
- alternative energy opportunities;
- the need for a competent and well-trained workforce, and students leaving New Mexico for better employment opportunities;
- the experimental program to stimulate cooperative research (EPSCOR);
- collaboration between businesses and universities;
- cluster development and next generation economy (on agenda for next meeting); and
- inclusion of the branch campuses and extension universities in the Kaufman grant.

## **NATURAL GAS CAPACITY**

Debbie Haines, director of public affairs for Zia natural gas, told the committee that the average home burns less than one-half the volume of natural gas as compared to propane. The savings by customers go directly into the economy. She said that natural gas is safer, and the high cost of propane discourages economic development. She said that a certificate of convenience and necessity has been filed with the public regulation commission (PRC) but that the staff there is not acting on the request to expand natural gas pipeline capacity in northern New Mexico. Where natural gas is available, people hook up like crazy, but PRC staff is standing in the way.

Representative Ruiz made a motion to send a letter to the PRC in support of expanding natural gas pipeline capacity. The committee approved the motion.

## **FRIENDS OF MCCARTHY RANCH**

Douglas Webb told the committee that his nonprofit association is seeking support to buy the McCarthy ranch, a pristine and beautiful 170 acre parcel with 20 springs and acequias on the old Taos highway north of town. According to Mr. Webb, the neighbors want to preserve the open space and make McCarthy ranch a venue to learn about all of the subjects that intersect at the ranch, including sustainable agriculture issues and water issues. Mr. Webb explained that his association wants to have a functional farm and support local farmers and asked for project money from the state.

Questions and comments from the committee addressed:

- New Mexico state university's role;
- the loan guarantee program from the state; and
- the economic development corporation participation.

The committee approved a motion to send a letter to the governor's blue ribbon water task force requesting real policy recommendations and concrete proposals from the task force, including an interstate approach on the Ogallala aquifer.

The committee asked that the PRC be requested to address the committee at its October meeting in Santa Fe.

The committee recessed at 4:58 p.m.

## **Tuesday, August 5**

## **THE ARTS IN ECONOMIC DEVELOPMENT**

Dennis Doherty, chief executive of Lyons and Hannover, described a concept for bringing major art exhibitions and art business to New Mexico. The international art market is experiencing dramatic changes as a result of business scandals in the fine arts auction industry, declines in air travel and recent financial market declines, he said. A new art exchange is envisioned that would make pricing of fine art and rare musical instruments similar to the way the Chicago board of trade provides liquidity and more immediate market pricing for commodity and financial futures. An art exchange based on the board of trade model could be based in New Mexico, if the state succeeds in getting airlines to reestablish direct flights to New York. Additionally, he said that many major art museums around the world have more art than they have space to exhibit and, consequently, are interested in establishing relationships with satellite exhibition spaces. For example, he said that the Prado, the Tate, the Ufizi in Florence, the

Hermitage in St. Petersburg and the Louvre might exhibit some of their inventory in New Mexico if the exhibition space was suitable. The university of New Mexico's schools of business and art have developed a joint program for students to receive degrees in art and cultural management. A new college is being contemplated and might be located at a facility to house the fine art market exchange and satellite exhibition spaces near Santa Fe and Albuquerque. A world class performance space is also being contemplated for the art center. He said that the art center would combine art education, fine art exhibits otherwise not available in New Mexico, the fine art exchange, a live performance venue and an art festival or fair. The center could attract significant attendance and spinoff economic development opportunities in the region, thus making New Mexico an international arts center capable of generating \$4 billion annually for the state's economy, he said.

Questions and comments from the committee addressed:

- potential state investment in art financial instruments;
- exempting art sales from the gross receipts tax;
- providing art education opportunities to public school students;
- compatibility with New Mexico's growing entertainment industry;
- the arts share of the state's economy;
- filmmaking in New Mexico;
- the role of festivals and fiestas in the state's economy now; and
- participation by Native Americans.

## **HOSPITALITY INDUSTRY ISSUES**

Art Bouffard, president of the New Mexico lodging association, told the committee that the association has 300 members out of the 794 hotels and motels in the state, and the members of the association account for almost 70 percent of the rooms available. He thanked the legislature for its support of tourism. He talked about the falloff in tourism, its effects and causes. He said there is a direct relationship between terrorist alerts and declines in visitations. New Mexico is better off than surrounding states due to the legislature's investment in promotion of the state. New Mexico's occupancy declined only 3.5 percent compared to Arizona, which declined 15 percent, and Las Cruces has had no decline. Utah's decline was even worse than Arizona's, he said.

Questions and comments of the committee addressed:

- comparison of prices for lodging in New Mexico against other destinations;



- the attraction of festivals and fiestas;
- tourism from Mexico;
- the golfing industry;
- origin of tourists and market survey results, including why tourists are here;
- hospitality and customer service training;
- a potential dedicated fee for promoting New Mexico as a destination;
- cooperation between the economic development department and the tourism department; and
- the importance of entertainment in drawing tourists.

Jonathon Slater, director of the Taos county film commission, asked to address the committee and was recognized by the chairman. Mr. Slater said that the goal of the commission is to attract filmmakers to Taos in order to make Taos the center of the film industry in New Mexico. Mr. Slater noted that New Mexico has an extremely favorable climate, thanks to the legislature, which has backed the film business, and because the state has the best package in the union at the moment. New Mexico's main competition is with Canada, where the exchange rate is favorable. He said that the in-plant training program and the 15 percent tax credit are great tools for recruiting films. Mr. Slater indicated he would like to do a booth at the governor's conference on film to attract industry people to the state because New Mexico is on everyone's lips in Los Angeles and New York and is at the forefront.

Senator Maes suggested that Mr. Slater send a letter to the director of the governor's conference on film about a booth and the committee will invite the conference on film director to speak at its next meeting.

Senator Harden asked for a letter to be sent to the state transportation commission regarding the closure of the Revelta bridge. The committee adopted a motion to do so.

Charlie Marquez, lobbyist for Qwest, was recognized and made a brief statement. He said that Qwest has made a major commitment to the Enchanted Circle and worked in concert with Kit Carson rural electric cooperative. Fiber-optic connections have been installed throughout the Enchanted Circle region. He said that Qwest works in concert with the coop even though the coop is a competitor. As a result, collaboration has resolved the telecommunications problems. Qwest remains committed to serving its customers in the way it always has.

The committee adjourned at 11:05 a.m.

**MINUTES**  
**of the**  
**ECONOMIC AND RURAL DEVELOPMENT AND TELECOMMUNICATIONS**  
**COMMITTEE**

**August 25-26, 2003**  
**Room 322, State Capitol**

The meeting of the Economic and Rural Development and Telecommunications Committee was called to order by Senator Roman M. Maes, III, chair, at 10:15 a.m. on August 25, 2003.

**PRESENT**

Sen. Roman M. Maes, III, chair  
Rep. Mary Helen Garcia, vice chair  
Rep. Jose A. Campos (8/25)  
Rep. Richard Cheney  
Rep. Daniel R. Foley  
Sen. Mary Jane M. Garcia  
Sen. Carroll H. Leavell (8/26)  
Rep. Patricia A. Lundstrom  
Rep. Raymond M. Ruiz  
Sen. William E. Sharer  
Rep. Richard D. Vigil

**ABSENT**

Sen. Phil A. Griego  
Sen. Clinton D. Harden, Jr.  
Sen. John Pinto

**Advisory Members**

Sen. Ben D. Altamirano  
Rep. Dianne Miller Hamilton  
Rep. John A. Heaton  
Rep. Ted Hobbs  
Sen. Stuart Ingle (8/26)  
Sen. Timothy Z. Jennings  
Rep. Pauline J. Ponce  
Rep. Nick L. Salazar

Sen. Dianna J. Duran  
Sen. Raymond Kysar  
Rep. Andy Nunez  
Rep. Debbie A. Rodella  
Sen. Leonard Tsosie

(Attendance dates are noted for members not present for the entire meeting.)

**Staff**

Gordon Meeks  
Larry Matlock  
Alicia Collins

**Guests**

The guest list is in the meeting file.

## **Monday, August 25**

Senator Maes opened the meeting and introduced United States Representative Heather Wilson.

### **FEDERAL INITIATIVES AFFECTING NEW MEXICO'S ECONOMY**

Congresswoman Wilson told the committee that an economic recovery is taking hold nationwide and in New Mexico. She said that the softest part of the economy is not consumer spending, housing or construction, but small businesses not ordering equipment. The unemployment rate dropped from 6.4 percent to 6.2 percent. New unemployment claims are down and factory orders are up 1.7 percent. She said that New Mexico has had an increase of 1.6 percent in the number of jobs, putting New Mexico number two in the nation for job growth. She stated that the highs are not as high and the lows are not as low in New Mexico; the state has a fairly stable economy compared to the rest of the country.

Congresswoman Wilson told the committee that the recent economic stimulus package signed by President Bush includes provisions for businesses to accelerate depreciation of their capital assets. Section 179 expands the amount allowed for the acceleration from \$25,000 to \$100,000. Most small businesses do not have a line of credit and this expansion will encourage businesses to buy equipment. She cited Watson Trucking and Supply Company in Hobbs as an example.

Changing the subject, she told the committee that New Mexico needs to market its military bases. New Mexico is the only place in the country that can launch a missile, fly it over land, shoot it down and pick up the pieces, all of which happens at White Sands Missile Range. She said that some of the people making the decisions about the continuation of military bases are a long way from New Mexico. For example, she said officers assigned to Kirtland Air Force Base have a small chance of making it to the three- or four-star range in the military. She said New Mexico needs to keep the missions of its resident military facilities strong. The state needs to identify the military missions that are compatible with New Mexico facilities, and then get these missions assigned here. New Mexico also needs to be mindful of military base infrastructure. One hundred seventy-three million dollars of new housing investments has been appropriated to Kirtland. Another \$450 million in microelectronics fabrication has been allotted to Sandia National Laboratories.

She said that as a result of federal tax cut measures, a net increase of \$42 million will result, which encourages business.

Other issues include water. The state needs to develop a long-term outside-of-the-box solution to water problems, such as reforming water utilities law to allow transfers across stream basins. Other issues affecting the economy include federal aid to education, which has doubled in New Mexico, she said. Title one funds are increasing by \$21 million in recurring money. She said New Mexico needs to make sure that its schools are great public schools. The state can expand loan forgiveness for math and science and triple the amount of loan forgiveness for teachers that teach at title one schools.

Congresswoman Wilson said that she advocates for competition in telecommunications.

New Mexico is bringing high-speed telecommunications outside of cities and into the rural areas. Rural cooperatives have been doing better than medium and large cities in terms of getting infrastructure out. She commended Qwest for getting high-speed telecommunications out to the Navajos. In terms of employment, there are 1,000 employees at MCI in New Mexico, and Qwest will add new jobs. She said that back office operations should be looking at New Mexico if they are doing business in Latin America.

She talked about Medicare prescription drug bills. "It shouldn't be so hard for me to get an elastic foot bandage or stocking to prevent a sore, when it's so easy for me to admit them to have a foot amputated," she said. One-third of the cost of Medicaid is long-term care. Most seniors want to stay in their homes as long as they can. New Mexico needs consumer-directed care, and some states have had success at giving patients more control over their own care. The state needs to fix health care institutional motivation to prioritize doing things that matter to the lives of patients rather than focusing on financing.

Questions and discussion from the committee addressed:

- agricultural business conditions;
- how federal aid for education is an unfunded mandate;
- that the dairy industry in New Mexico is seventh in the United States;
- the price of water and natural gas;
- the border crossing at Santa Teresa, where trucks wait for three hours;
- Medicaid reimbursement;
- North American Free Trade Agreement plants in Mexico losing business to China and Indonesia, and the need for border states to get together and do something;
- authenticity protection of native arts and crafts;
- highway and transportation funding;
- depreciation schedule;
- metabolic complex care;
- long-term care costs;
- punitive damage reform;
- the management contract at Los Alamos National Laboratory;
- cuts in the federal highway budget;
- electric power deregulation issues;
- tax cuts not helping the economy;
- renewable energy;
- how the Endangered Species Act needs to be fixed;
- attorney fees of environmental groups like Forest Guardians being paid by the federal government;
- call centers and Federal Communications Commission rules; and
- Medicare/Medicaid administrative costs.

## **TELECOMMUNICATIONS COMPETITION AND INVESTMENTS**

Charlie Marquez, lobbyist for Qwest, told the committee that Qwest is also a citizen. The company has invested \$35,000 in economic development initiatives and \$2.3 billion in capital infrastructure in New Mexico. Qwest procures \$14 million annually in New Mexico and employs 1,500 people. Its payroll is \$98 million and it pays \$27 million in taxes. He said the

company serves 20 percent of the state geographically, but 84 percent of its population. Forty-one percent of Qwest's customers are in rural areas. He told the committee that New Mexico ranks thirty-first among states in DSL penetration, with 19,000 DSL subscribers. There are 75 remote DSL servers and 250 more planned.

Qwest asks the legislature to support:

- a pro-investment regulatory policy;
- equal regulation of all companies;
- elimination of artificial pricing;
- an open market in urban areas;
- e-commerce planning in rural areas; and
- protection for rural consumers.

Mr. Marquez said that Qwest is strapped by regulations that are not applied to other companies; and that the company is regulated as a "rate-of-return" company even though Qwest is a "price cap" company.

Questions and comments from the committee addressed:

- leasing of unused capacity by Qwest to other companies;
- right-of-way access problems;
- the funding pool for underserved consumers;
- comparison of consumer costs;
- the difference between the New Mexico Universal Service Fund and the Rural Extension Fund;
- pricing of services;
- requirements for investments in statutes and regulations;
- definition of equal regulation; and
- regulation of cable television.

### **TELECOMMUNICATION PROVIDER CLASSIFICATION**

Dave Duran, government affairs manager for Valor Communications Company, Duffy Swann and Bill Garcia described the company for the committee and the parameters of the company's service in New Mexico. They summarized House Bill 715 from the 2003 session and asked the committee to support that legislation again. Valor wants to be classified as a middle tier company. It is now classified as a large company and that classification does not fit. The Public Regulation Commission (PRC) is working with the company to establish a new classification for companies that have between 50,000 and 350,000 subscribers. The current classification hampers the company's ability to make investments in the state. Senate Joint Memorial 98 from the 2003 session asked the company and the PRC to address the issue, and this presentation is in response to that memorial. Susan Oberlander of PRC was introduced to confirm that Valor is working cooperatively with PRC.

Questions and discussion from the committee addressed:

- price effects of changing regulatory classifications;
- the whole state as a local area exchange;

- seamless communication services; and
- the New Mexico Universal Service Fund.

PRC Commissioner Shirley Baca was recognized and explained that federal law requires a statutory change in state law in order for a classification change to be accomplished. She introduced several staff members of PRC.

Ann Bingaman, chief executive officer of Valor, rose to thank the committee.

## **BUSINESS RECRUITMENT RETENTION AND EXPANSION**

Gregg Nominelli, vice president of economic development for the Albuquerque Chamber of Commerce, told the committee that the health insurance costs required of small businesses by new regulations are causing problems for those businesses and their job-creating potential. He suggested that a two- to three-year phase-in period and perhaps some tax credits to offset the added expenses could help. He thanked government officials in general for keeping the overall costs of doing business in New Mexico low. He described the benefits of property tax forgiveness in attracting General Mills to Albuquerque, which added 200 new jobs with a total payroll of \$12 million. If it were not for the tax incentive, this business would have gone to another state.

Questions and comments from the committee addressed:

- double taxation and pyramiding taxes on services;
- gross receipts taxes on medical care; and
- the unfairness of some industrial revenue bonds being misused to benefit existing businesses over competitors.

## **CLUSTER DEVELOPMENT**

William Garcia, Mike Skaggs and Paul Shirley told the committee that New Mexico has a poor environment for the support of start-up businesses. They indicated that there is a lack of interaction among the financial community, entrepreneurs and research and development institutions. Even though new technology is available in New Mexico with commercial viability, few entrepreneurs have the ability to "pull" technology out of the laboratories or research universities. Mr. Shirley also said that there is a lack of needed business incubation environments.

They described the Ewing Marion Kauffman Foundation's challenge grant for entrepreneurial development. Five million dollars is anticipated to be available from the foundation if the required match from the state or other sources is forthcoming. The University of New Mexico is planning on the establishment of a business incubator as a pilot for extending a program statewide to provide for community-based entrepreneurial training and technical support. The university is seeking \$850,000 over three years to match federal funds that Senator Bingaman is seeking from Congress, and the Kauffman grant.

Questions and comments from the committee addressed:

- the definition of "market pull";
- participation of other regions outside of Albuquerque;

- clarification of what is a "skilled manager";
- the role of the universities; and
- inclusion of local economic development and government officials.

The committee recessed at 4:50 p.m.

## **Tuesday, August 26**

### **THE ROLE OF THE NATIONAL GUARD IN THE STATE'S ECONOMY**

Delano Garcia of the Department of Military Affairs and the New Mexico National Guard told the committee that the federal government matches state appropriations for the national guard on a three-to-one ratio. The Army National Guard has a multiplier effect amounting to \$139 million and the Air National Guard has one amounting to \$76 million. Together, they contribute almost \$250 million to the state's economy.

Questions and comments from the committee addressed:

- the national guard's role in providing water to drought-impacted communities;
- the guard's fiber optic network;
- the contribution of the guard to education;
- the use of guard facilities for community meetings and special events;
- the membership level of the guard;
- maintenance of armories and other guard facilities;
- request for a 13 percent increase in state appropriations;
- the charter school in Espanola suing the old armory there;
- damage to the guard from last year's 25 percent budget cut;
- the condition of the Santa Clara Armory in Silver City; and
- the appearance of guard armories.

John Early, director of state programs for the national guard, was introduced.

### **RURAL ECONOMIC DEVELOPMENT**

Steve Beffort, director of the Anderson School of Business at the UNM Center for Economic Development, described for the committee an idea to encourage clustering among communities to achieve economic development on a regional basis. The goal is to establish a synergy between neighboring communities to reinforce one another's economic development capabilities. As a component of this effort, educational institutions need to develop skill sets needed for economic development. The Estancia Valley Economic Development Corporation plans to develop a pilot approach to provide a model for a statewide effort. Rural economic development community clusters will be more effective in leveraging capital, developing long-range plans and teaming with one another. Economic development is defined differently by different people, he said. For communities sharing a common regional character, there is a need for unity and common goals. He asked the committee to support an appropriation to the University of New Mexico for \$175,000 for the pilot effort. This would match United States Department of Agriculture funding to pay for professors and graduate students to assist local

economic development efforts.

Questions and comments from the committee addressed:

- collaboration with other universities;
- the size of participating communities;
- airport services;
- New Mexico Finance Authority funding for economic development;
- examples of community clusters; and
- non-duplication of efforts.

### **FILM PRODUCTION IN NEW MEXICO**

Frank Zuniga, director of the state film office, told the committee that "Elvis Has Left the Building" will begin filming on September 15. This film will be using the state's investment fund and other incentives created by the legislature. The production company will have a "below-the-line" crew composed of 81 percent New Mexico residents. He explained that "below-the-line" members of a production company are the craftsmen and technicians on a film. He said that most of the managers of the technical crew are also New Mexicans. He told the committee that in-plant training money appropriated by the legislature has also helped to recruit filmmakers to New Mexico. The training effort is focused on getting enough people trained to fully staff three full film crews by the end of the calendar year. The goal is to have enough people trained to fill four full film crews by the end of the fiscal year. This will help the state to attract more filmmakers.

He then gave a report on the number of films, number of worker days and economic impact of filmmaking in New Mexico over the previous four years. He told the committee that the Film Advisory Board is in the process of developing a plan for a media cluster. The recommendations of the board should be ready to report to the committee in November.

Questions and comments from the committee addressed:

- detailed production numbers;
- how the state office works with local film offices;
- New Mexico attendance at the Los Angeles location exposition;
- the budget for the Film Advisory Board;
- the recruitment of Ice Channel; and
- location catalog.

### **WOOD PELLET ENERGY**

Rob Davis, president of Forest Energy Company, described his company, telling the committee that he supplies most of the residential wood pellets for the New Mexico market. Company production this year will be about 35,000 tons, most of it used in residential stoves. He said that his company purchases between six and 11 semi-truck loads per day, five days a week, of chips derived from small diameter trees from forest thinning projects. His company provides a market for wood to enable restoration of the forests and wildfire prevention. The company provides heat to about 20,000 homes. He said that most lumber mills have gone out of business in New Mexico, but that his company can prove that renewable biomass energy is a



viable commercial enterprise and can help maintain forest health. He said a cluster of other small businesses, such as a viga manufacturing operation or specialty wood mill for furniture, can be supported by a pellet plant. He said that biomass fuel is as viable in northern New Mexico as in Stockholm, Sweden, where there are three 100 megawatt pellet-fired boilers to heat large portions of the city. Europe imports more than 250,000 tons of pellets from North America annually. He asked the committee to support incentives to convert heating systems to biomass by mandating that a percentage of state facilities be converted to biomass; creating a revolving loan fund to pay for conversion of public facilities; excluding the sale of pellets from taxes; and providing a tax credit of 25 percent of the cost of installing biomass heating systems.

Questions and comments from the committee addressed:

- the use of salt cedar for pellets;
- restoration of state land by harvesting wood material;
- the size requirements for a profitable pellet plant;
- use of agricultural waste for pellets;
- letters to the secretaries of economic development and general services supporting the pellet industry; and
- commercial use of pellets compared to residential use.

The minutes of the last meeting, August 4-5, 2003, were approved.

The committee adjourned at 12:05 p.m.

**MINUTES  
of the  
ECONOMIC AND RURAL DEVELOPMENT AND TELECOMMUNICATIONS  
COMMITTEE**

**September 11-12, 2003  
Farm and Ranch Heritage Museum  
Las Cruces**

The fourth meeting of the Economic and Rural Development and Telecommunications Committee was called to order by Representative Mary Helen Garcia, vice-chair, at 10:05 a.m. on September 11, 2003 at the Farm and Ranch Heritage Museum in Las Cruces.

**PRESENT**

Rep. Mary Helen Garcia, Vice Chair  
Rep. Jose A. Campos  
Rep. Daniel R. Foley (9/11)  
Sen. Mary Jane M. Garcia  
Sen. Clinton D. Harden, Jr.  
Rep. Patricia A. Lundstrom  
Rep. Raymond M. Ruiz

**Advisory Members**

Rep. Dianne Miller Hamilton  
Sen. Timothy Z. Jennings (9/11)  
Rep. Andy Nunez  
Rep. Pauline J. Ponce

**ABSENT**

Sen. Roman M. Maes, III, Chair  
Rep. Richard Cheney  
Sen. Phil A. Griego  
Sen. Carroll H. Leavell  
Sen. John Pinto  
Sen. William E. Sharer  
Rep. Richard D. Vigil

Sen. Ben D. Altamirano  
Sen. Dianna J. Duran  
Rep. John A. Heaton  
Rep. Ted Hobbs  
Sen. Stuart Ingle  
Sen. Raymond Kysar  
Rep. Debbie A. Rodella  
Rep. Nick L. Salazar  
Sen. Leonard Tsosie

(Attendance dates are noted for members not present for the entire meeting.)

**Staff**

Gordon Meeks  
Larry Matlock

**Guests**

The guest list is in the meeting file.

**Thursday, September 11**

**NEW MEXICO TOWN HALL ENERGY RECOMMENDATIONS**

Henry Dodd, chair, Town Hall Implementation Team, told the committee that the twenty-ninth New Mexico Town Hall meeting in Carlsbad in November 2002 called for the recognition of New Mexico as the "world energy leader". New Mexico is an energy-rich state, ranking near the highest of all the states in all energy sources, including oil, gas, uranium, coal, solar and wind. He said the state is heavily dependent on its energy revenues. The participants of the town hall meeting recognized that extractive energy sources will be declining, and renewables will become more important in the state's energy generation mix. The participants also recognized that current energy production is very important for rural jobs, manufacturing opportunities and the state tax base. He described the new wind turbine farm near House, New Mexico, and said that the investment amounts to about \$1 million per megawatt generated. One job will result for about every 20 megawatts of wind power generated. The state will earn royalties from state land on which some of the wind turbines are built, from about a minimum annual revenue of \$2,000 per megawatt up to \$5,000 per megawatt per year. The town hall participants made five major policy recommendations for state action: creation of incentives for renewable energy fuels, creation of incentives for attracting investment capital, improvements in work force training for alternative fuel industries, establishment of a 20-year state energy plan and establishment of an energy, economics and environment institute.

Questions and discussion topics of the committee included:

- the amount of energy produced from wind turbines;
- the amount of the federal tax credit;
- backup power if the wind is not blowing;
- the need for more transmission line capacity;
- esthetics of wind turbines;
- the need for energy fuel diversification;
- markets for New Mexico uranium;
- ownership of the wind turbine farm north of Ft. Sumner — Florida Power and Light;
- reliability of wind as an energy source;
- predictability and variability of load demand for power;
- the location of the turbine blade manufacturing plant — Juarez; and
- energy work force capabilities.

**COTTAGE INDUSTRY AND MICROENTERPRISE IN DONA ANA**

Dr. Angel Gomez, program director, Lucia Bond, assistant program director and marketing coordinator, and Shelly Almaguer, all from the Tres Manos Program of the Community Action Agency of Southern New Mexico (CAASNМ), spoke to the committee about the Tres Manos textile cottage industry training project for women in low-income areas. The project trains women in weaving, spinning, sewing, jewelry and bead work. The training includes life skills and business skills to provide the students with the ability and confidence to get a business license for a home business or to work in a group situation. The training facility is in San Miguel, and the program recently rented space in Mesilla to turn the space into a marketing outlet. Seventy-two women have gone through the program. Tres Manos is developing a pricing structure for the items. While examples of the project's products were

passed among committee members, Ms. Bond explained that participants have attended trade and craft shows to sell their products, and the project is advertising in FibreArts Magazine and Alpacas Magazine's fashion edition. The training initially focuses on the technical skills, then on the business skills. Problems that have been encountered include finding affordable space, transportation for the students and child care. Recruitment is also hard. Husbands are sometimes not willing to let their wives out of the house. Some participants have hidden the fact that they are taking the training, she said.

Questions and comments by the committee focused on:

- expansion into other areas;
- teaching resources;
- language skills, nationality, ethnicity, age and gender composition of the students enrolled in the project;
- the price of the goods made and sold by the students;
- what percentages do the women get;
- tools and equipment for the women after they finish the program;
- the microloan program;
- what a woman earns in a full work week;
- the eligibility of CAASNLM to receive certification as a service provider for work force training through the Labor Department;
- the total budget and number of students annually; and
- marketing ideas through the Tourism Department, New Mexico Magazine and other tourist publications for promotion.

The committee unanimously adopted the August 25 and 26 meeting minutes.

## **RENEWABLE ENERGY RESOURCES**

Art Hull, a registered lobbyist for the Public Service Company of New Mexico (PNM), thanked the committee for the opportunity to speak and introduced Tom Wander, a director in the Regulatory Policy Department. They said that PNM supported Speaker Ben Lujan's House Joint Memorial 97, which requested that the legislature study and evaluate the most appropriate means for government to encourage and support development and use of renewable resources, including the advisability and desirability of requiring renewable energy portfolio standards. PNM believes that such a program benefits electric consumers and renewable energy developers across the state. PNM pledges "a personal commitment to New Mexico" that reflects the company's core values, including stewardship for the environment and natural resources, the communities served and the corporate assets that PNM manages. Mr. Hull said that renewable energy presents economic development opportunities for New Mexico. PNM is pursuing development of renewable energy through supporting a wind energy center and the PNM Sky Blue Program. The wind center was constructed by Florida Power and Light Energy, Inc., pursuant to a 25-year commitment by PNM to purchase all of the power generated by the facility. This wind electric power generating facility is the third largest in the world. It consists of 136 wind turbine towers, each measuring 210 feet in height, sitting on 9,600 acres of private and state land with a maximum generation capability of 204 megawatts, enough electricity to power about 94,000 average-sized homes in New Mexico. Over 200 jobs were created during

construction and resulted in eight permanent jobs with an average annual salary of \$40,000. The facility will provide \$40 million in economic benefits to the rural economies of De Baca and Quay counties over the next 25 years. Over 95 percent of the land leased for this project is still available for other uses, such as grazing and farming. PNM's commitment to renewable energy existed well before the Public Regulation Commission (PRC) established a mandatory renewable energy rule. PNM supports the PRC's mandatory renewable portfolio standard, but it was PNM's responsiveness to customers' requests that was the driving force in PNM's development of the wind farm.

The PNM Sky Blue Program will begin offering renewable wind energy through a "green tariff" program. PNM obtained approval of this program from the PRC on August 12, 2003. The program is available to all electric customers in good standing on a completely voluntary basis. It will give customers committed to the environment and a high quality of life an easy, affordable way to demonstrate their commitment. The average rate for wind power nationally is 2.5 cents-per-kilowatt-hour, but PNM's rate for this power is 1.8 cents-per-kilowatt-hour, which is the lowest in the state and among the lowest in the nation. Customers can participate in the Sky Blue Program for as little as \$1.80 a month. It does not add any profit for PNM, and the vast majority of customers will be able to participate without any contractual requirement. Customers can purchase renewable energy for as short or long a time as they choose. The Sky Blue Program will begin in October, followed by a complete statewide education initiative on renewable energy beginning in spring 2004. PNM has agreed that none of the sales of renewable energy under the Sky Blue Program will count toward satisfying the renewable energy mandate of the PRC's renewable portfolio standard.

Mr. Hull then described the ZeroNet initiative among Los Alamos National Laboratory, the Electric Power Research Institute and PNM to meet the rising demand for electricity with a zero net increase in power plant water withdrawals by 2010. ZeroNet will focus on exploration and development of: renewable energy sources, including biomass generation; cost-effective power plant dry cooling or hybrid technologies; and technology to access alternative water sources, including produced water from the oil and gas industry, brackish or saline ground water and treated sewage effluent.

Mr. Hull said that renewable generation usually requires new transmission lines to get the power to the customer, but many communities have opposed new transmission lines. PNM has been unable to build any new major transmission lines since 1984. Renewable generation also creates reliability issues. PNM is currently rated first among all utilities in the United States for reliability. Maintaining reliability is supported by using a variety of generation sources, including renewables. PNM asked the committee to endorse legislation that codifies the existing PRC 10-percent mandatory renewable rule and to clarify two other issues: provide cost recovery of meeting that renewable percentage and specification of a price cap for renewable energy production. Public utilities need to know what the generation requirements are in order to plan for future energy needs, and customers should know what they are paying for.

Questions and discussion of the committee addressed:

- federal renewable energy tax credits;

- the adequacy of the PRC mandatory renewable portfolio standard of 10 percent;
- the authority of the legislature over siting transmission lines;
- right-of-way issues;
- power grid sufficiency for shipping out power;
- the normal life span of a wind generator;
- the time needed to recoup the investment;
- the average cost for coal and gas;
- security of the system and potential for a blackout;
- whether legislation is needed for eminent domain for right-of-way acquisition;
- the potential for stranded costs of a renewable energy system;
- recovery through the ratepayer of renewable energy costs;
- proposed tax incentives for renewable energy;
- lease payment for the site of the wind turbine farm; and
- franchise fees.

Senator Harden asked to introduce some constituents from Quay County.

Robert Lumkin and R.L. "Boots" McCoy said that the PRC adopted a rule in late December of last year after many years of study and hearings. They said it was deemed successful in every state before New Mexico. Texas, Arizona and California are some of those states that had concerns about transmission lines and costs of renewable energy mandates, but such mandates were adopted and are successful. Mr. Lumkin said that he was approached by wind farm contractors to do business in eastern New Mexico. He said that Steve Gadsco from California said, "I've walked the streets, been to the Quay County courthouse, you have wind." He showed a wind map of New Mexico and Texas where incentives exist and wind electric generation is occurring. The transmission line that the wind farm feeds into is connected to California. He said that eastern New Mexico is a "wind Mecca" that needs this industry. He is afraid the investments will not be made if there are gray areas.

He introduced Boots McCoy from Tucumcari who said that wind generation companies put \$12 million into schools in Texas. He said that wind does not use needed precious water, and that water will be worth more than natural gas if the state does not protect it. Los Alamos National Laboratory estimates that New Mexico has enough potential wind locations close to transmission lines and could produce three times the amount of electric power that the state needs for its own use.

Questions and comments addressed:

- preserving natural resources and stewardship of the land;
- recapturing tax revenue in the price paid for the power; and
- maintenance of fair, reasonable costs that do not overburden customers.

Chris Wentz, director, Energy Conservation and Management Division, Energy, Minerals and Natural Resources Department, referred to Jack Maddox and David Coen, who are seeking incentives for biomass production. Mr. Wentz said that New Mexico does not have much renewable energy production now, but a lot is being developed. Mr. Wentz said that renewables

can generate more jobs and revenues for New Mexico. The geothermal industry, for example, created temperature gradient drilling projects that got the greenhouse industry going, which now accounts for 300 jobs. He said that the state can attract a lot more, citing the PNM wind farm as an example. He went on to explain some of the constraints working against renewables. Geothermal-derived energy is probably double the cost of coal right now, six to eight cents higher than conventional gas-fired power generation per kilowatt-hour. He said that a production tax credit for geothermal energy would bring the cost down.

Ben Luce of the Coalition for Clean, Affordable Energy asked to make a few remarks. He told the committee that his group represents 10,000 New Mexicans. It is a coalition of environmental and public interest groups. He said there are two kinds of environmentalists, those who want to have an ideological problem, i.e., fight PNM just to fight PNM, and those like his group that support renewable energy. "We are thrilled," he said. According to Mr. Luce, PNM did a great job and was proactive in introducing the wind farm. He also said that his coalition supports the green pricing program that PNM is instituting. He said there are people who want to step up to the bat. It allows consumers to demonstrate their interests and allows growth of renewable energy sources beyond the 10-percent figure. Careful cost studies were performed that showed ten percent of power generated by the utilities will have a trivial impact on costs. In addition, implicit in the PRC rule is that utilities would get full cost recovery; 100 percent recovery of stranded costs is guaranteed.

Questions and comments from the committee addressed:

- risks;
- worry that details carefully produced over many hearings might be modified in a few minutes by the legislature if it enacts a bill to cover the new rule; and
- PNM's statement that the existing rule for cost recovery does not include a rate cap.

## **TRADE WITH MEXICO AND BORDER DEVELOPMENT**

Della M. Duran, acting director, Mexican Affairs and Trade Division, New Mexico Economic Development Department, told the committee that the general responsibilities of the Mexican Affairs and Trade Division include: increasing trade with Mexico; and improving relations and creating stronger ties with the Mexican federal government and individual Mexican states through capacity building and coordinating Mexican affairs activity among all state agencies in order to streamline border development. Her office provides assistance, consultation and training for New Mexico companies wishing to export products and services to Mexico. She said she also plans and conducts trade missions in order to create more bilateral trade partnerships between New Mexico and Mexican companies. Her office is working to fully develop the Maquila Supplier Initiative in order to facilitate strategic partnerships between New Mexico suppliers and buyers for the maquiladora plants. The operation of Mexico trade offices is also her responsibility. New Mexico currently has trade offices in the cities of Guadalajara and Juarez, Mexico. She said that Governor Richardson met with President Fox in Switzerland in January and visited him again in Mexico City in June 2003, presenting a specific agenda to President Fox that included: moving the rail spur out of downtown Juarez and the railyards out of downtown El Paso to a location west of the Santa Teresa Port of Entry; construction of a natural gas pipeline project from just south of Belen to Juarez; development of infrastructure

projects at Santa Teresa/San Geronimo, Columbus/Palomas and Antelope Wells/Berrendo border crossings; and establishment of direct air service connecting Albuquerque to Chihuahua and Mexico City.

She also spoke a little about the New Mexico-Chihuahua Commission, currently comprised of 40 members equally split between New Mexico and Chihuahua. The commission held its first meeting on August 1, 2003 at the State Capitol in Santa Fe. Four working committees were formed on tourism, trade and industrial promotion, border crossings and infrastructure and the environment. She said she is currently planning the Border Governor's Conference to be held in 2004.

Jaime Campos, director of the border authority, told the committee that several infrastructure projects are his focus. Port-of-entry schedules are limited because there is no pavement on the Mexico side in several areas. Improving trade depends on improved infrastructure, which will also bring tourism. He spoke about the border security task force and invited committee members to attend a border patrol meeting in Deming. The commission is determined to help the ranchers and the border patrol form a security task force for the border, he said.

Questions and discussion of the committee addressed:

- help for trade with Mexico for communities and businesses other than in Albuquerque and along the border;
- the border is more than just a few miles in, even Gallup and Grants could expand their opportunities for trade with Mexico;
- the paisano program for Mexican nationals living in the states going home for the Christmas holidays;
- highways; and
- Chihuahua commission membership.

The committee then set October 22 and 23 for the dates of the next meeting in Santa Fe.

Then, the committee adopted a motion that PNM and the other utilities work with staff to bring draft legislation to the committee for its endorsement.

## **E-MERCADO PROPOSAL**

Adam Roberts, business development coordinator, and Phil Castillo, chief operating officer, both of the Albuquerque Hispano Chamber of Commerce, spoke to the committee about the e-Mercado.com initiative, which will promote Internet sales for 42,000 small businesses in New Mexico, most of which have fewer than 25 employees. There are more than 2,000 manufacturers in New Mexico, 50 to 60 percent of whom have web sites, but less than 10 percent that are actually e-traders.

Questions and comments from the committee addressed:

- links to other sites to provide procurement for the state;



- how the cost of getting all businesses registered would be \$650,000 per year for three years;
- the purchase of 4,000 t-shirts from other states because it is hard to find products produced in New Mexico;
- a list of wineries; and
- the rural access fund to the PRC, which has not come up with anything in two years.

The committee adopted a motion to write a letter to Secretary of Economic Development Rick Homans.

Discussion resumed on:

- the rural extension fund worth \$13.2 million.

The committee recessed at 4:39 p.m.

### **Friday, September 12**

The meeting was called to order by Representative Mary Helen Garcia at 9:00 a.m.

### **MESILLA VALLEY ECONOMIC DEVELOPMENT ALLIANCE**

Tom Hutchinson and Steve Vierck, Mesilla Valley Economic Development Alliance (MVEDA), told the committee that the alliance raised \$170,000 last year, with \$50,000 from the legislature, to promote Las Cruces. They said that Dona Ana County is a large area requiring a staff of four and a budget of \$525,000. Sixty businesses support the MVEDA. The real mission of MVEDA is to improve the quality of life in the area. MVEDA focuses on industry recruitment and quality jobs. The organization was involved in a Department of Housing and Urban Development grant that was really outside its primary mission and eventually became a distraction that handicapped MVEDA's primary purpose. The city and the county increased their shares of the funding for MVEDA last year. Attracting maquila suppliers to the community is a priority of MVEDA. Mr. Vierck said that 90,000 jobs have been lost in Juarez in the last two years, but that in the last six months, this trend has reversed. Midwestern companies are encouraging their suppliers to locate in the border area and many major companies have imposed deadlines on their suppliers lately to relocate to the El Paso/Las Cruces area because this reduces the cost to the companies in the midwest. Most of these companies are food processors. The major markets for products in the Las Cruces area are southern California, Chicago and Dallas/Ft. Worth.

They said that MVEDA is a performance-oriented organization and in order to be able to deliver on its mission, MVEDA must assist the area to improve its work force. Work force is the most important factor for business location decisions. Thirty thousand people in the work force in Dona Ana County have no high school diploma. The county has a lot of highly educated people and a lot of people with no education. The biggest challenge MVEDA faces is to assist in matching the educational levels with employment needs. New Mexico State University (NMSU), the two interstate highways and the El Paso airport are the key regional resources for economic development. The region is part of the global marketplace, and must recognize that it is competing with India, southeast Asia and China. Therefore, regional cooperation with Juarez

and El Paso is very important.

Questions and discussion from the committee addressed:

- the difference between what the local economic development boards do and what the Economic Development Department does;
- how incentives in New Mexico compare to Arizona's — work force training and industrial revenue bonds are helpful; gross receipts tax is a serious handicap;
- cluster development;
- intellectual property;
- the spaceport;
- e-Mercado.com;
- work force education;
- venture capital; and
- a better tax system.

### **DROUGHT-RESISTANT CROPS**

Stan Jones, NMSU Cooperative Extension Service, Rex Kirksey, NMSU Clovis Agricultural Science Center, Tye Curtis of Curtis Seed Company, and Jerry Schikendanz, dean of the NMSU School of Agriculture, told the committee that almost 90 percent of New Mexico's dryland crop production is grown in eastern counties. Most of New Mexico's cropland is in the eastern plains. There is a chronic need for more dryland crop research. They asked the committee to support an appropriation of less than \$600,000 to assist eastern plains farmers in the development of more water-efficient crops. They emphasized that agriculture accounts for the state's third-largest economic driver.

Questions and discussion from the committee dealt with:

- the state water planning process;
- appropriations priorities for agriculture and working around the college budgeting process;
- the need to find a better way of watering crops;
- the need to become better stewards of the lands;
- water as the number-one issue in New Mexico;
- the number of agricultural science centers off-campus (11);
- the appropriation for the Clovis Science Center as a committee-sponsored bill;
- the growth in return on agricultural investments as a result of research by NMSU;
- drip irrigation; and
- the dairy smell.

The committee adopted a motion to support legislation to require legislatively funded organizations to "buy New Mexico".

### **HYDROGEN AND FUEL CELL BUSINESS OPPORTUNITIES**

Ken Freese, Economic Development Department and Los Alamos National Laboratory, described the hydrogen technology partnership program started by Governor Richardson. He

introduced members of the consortium, Manuel Graham, Karen and Michael Worth, George Homan, Harold Deeson and Anthony Hyde. House Joint Memorial 6 requires the department to report to the legislature. He said that he was appointed by Governor Richardson to follow through on a campaign promise to support a more aggressive hydrogen fuel development program. He said that New Mexico is in the second tier of states that are developing a hydrogen fuel industry. New Mexico could be the first state with approved and established codes and standards for dealing with hydrogen fuel storage. He described the future hydrogen economy, the makeup of the technology partnership and its accomplishments. A recent workshop developed a strategic plan for the hydrogen consortium. He explained that hydrogen provides a feedstock diversity and explained how hydrogen fuel cells work, market projections, costs, the state's assets and a comparison with other states. Hydrogen fuel is a compressed gas in high-pressure tanks. It is highly flammable and is mixed with air across a thin membrane.

He explained that the governor's initiative is aimed at nurturing start-up enterprises, building research capabilities, revising statutory codes that constrain hydrogen use, creating incentives for market development, creating supplier incentives and defining a target market. He asked the committee to support an appropriation of \$2.3 million. The military will be the first customer base to drive the fuel cell market, followed by residential and automotive markets. Start-ups are the best approach to growing a hydrogen business cluster. Fire marshals have been a major obstacle because fire codes and standards now prohibit or limit fuel cell use. He also asked for a bill to create a nonprofit company to foster hydrogen fuel cell development.

Questions and discussion from the committee dealt with:

- a fuel cell education and research center at Los Alamos;
- legislation for buyer incentives;
- federal matching funds;
- research at White Sands Missile Range;
- automobile safety;
- the need for hydrogen gas fueling stations;
- public education as an obstacle;
- the availability of risk capital in New Mexico; and
- the cost of prototype vehicles.

## **BORDER SECURITY AND EXPEDITED TRADE**

Rosario Holguin of the Holguin Group described the global secure origins center at Santa Teresa to monitor all shipments crossing the New Mexico/Mexico border. She said that the system begins at the place of origin with placement of cameras, global positioning systems on trucks and surveillance of the transportation process. Companies that sign up to participate and submit to the surveillance and tracking system will receive expedited service at border crossings, thus avoiding extensive delays and red tape at the border. She is requesting state and federal funds to establish the system.

Questions and discussion of the committee dealt with:

- detailed explanation of the surveillance technology and transportation protocols;
- contents that can be read remotely from outside the truck;
- flexibility within the system;
- involvement of the state Motor Transportation Division;
- the amount of investment; and
- a request for \$1.8 million from the state.

The meeting adjourned at 12:46 p.m.

**MINUTES**  
**of the**  
**ECONOMIC AND RURAL DEVELOPMENT AND TELECOMMUNICATIONS**  
**COMMITTEE**

**October 22-23, 2003**  
**Room 322, State Capitol**

The meeting of the Economic and Rural Development and Telecommunications Committee was called to order by Senator Roman M. Maes, III, chair, at 10:15 a.m. on October 22, 2003 in Room 322, State Capitol.

**PRESENT**

Sen. Roman Maes, III, Chair  
Rep. Mary Helen Garcia, Vice Chair  
Rep. Jose A. Campos (10/22)  
Rep. Daniel R. Foley (10/23)  
Sen. Mary Jane M. Garcia  
Sen. Phil A. Griego  
Sen. Clinton D. Harden, Jr.  
Rep. Patricia A. Lundstrom  
Rep. Raymond M. Ruiz  
Rep. Richard D. Vigil

**Advisory Members**

Rep. John A. Heaton  
Rep. Ted Hobbs  
Rep. Andy Nunez  
Rep. Pauline J. Ponce  
Rep. Nick L. Salazar

**ABSENT**

Rep. Richard Cheney  
Sen. Carroll H. Leavell  
Sen. John Pinto  
Sen. William E. Sharer

Sen. Ben D. Altamirano  
Sen. Dianna J. Duran  
Rep. Diane Miller Hamilton  
Sen. Stuart Ingle  
Sen. Timothy Z. Jennings  
Sen. Raymond Kysar  
Rep. Debbie A. Rodella  
Sen. Leonard Tsosie

(Attendance dates are noted for members not present for the entire meeting.)

**Staff**

Gordon Meeks  
Larry Matlock

**Guests**

The guest list is in the meeting file.

**Wednesday, October 22**

## **ECONOMIC DEVELOPMENT STATUS REPORT**

Kathy Keith, director of economic development, Economic Development Department, introduced herself and provided a status report for the committee on the department's efforts since Secretary Homans' report in June. She told the committee that the department has helped create 2,643 new jobs since January 1, 2003; 58 percent of those jobs are in rural New Mexico. She thanked the committee on behalf of the governor for the legislature's creation of the Economic Development Partnership. She said the Economic Development Partnership was organized on July 9 with 15 board members from the private sector and economic development professionals, and Jim Colson was hired as the president of the partnership. She said the partnership will be the recruiting arm of the state to attract companies to relocate to New Mexico. Since his employment, Mr. Colson has met with 14 companies. She reported that 1,200 jobs have been created this year by expanding businesses, 52 of which received funding from the in-plant training program. She described the certified communities program and the assistance available to local communities from the department under that program. Five thousand dollars per year is available to certified communities from the department in services and technical assistance. Twelve of the 13 certified communities are rural, i.e., outside Albuquerque, Las Cruces or Santa Fe. There are initiatives to expand assistance to the Native American communities. She briefly discussed the Mainstreet program, small business development centers, e-Mercado, proposed tax incentives for high-wage job creation and research and development startup businesses.

Questions and discussion by the committee addressed:

- the membership of the Economic Development Partnership Board;
- limits on businesses using incubators to get started;
- minimum wages for eligibility for in-plant training money;
- accounting for net job increases;
- the potential commitment of time in business as a condition for in-plant training money;
- targeting rural communities for economic development incentives;
- the value of trade shows;
- public information on business financing resources;
- a manual on business assistance programs;
- the standard definition of rural areas;
- health insurance as a qualification for in-plant training money;
- criteria for a business getting space in a business incubator;
- activities by the department to train film crews and advertise film jobs; and
- the "buy locally" campaign.

## **BLUE RIBBON TAX REFORM COMMISSION REPORT**

Jim O'Neill, consultant to the governor's Blue Ribbon Tax Reform Commission, presented the committee with a chart that summarized the tax commission's recommendations. Of major political significance was the commission's recommendation not to repeal the gross receipts taxes on food but to suggest an increase in the low-income tax rebate. The commission did support the concept of streamlining gross receipts. It suggested that the state join an interstate clearinghouse that is being created to standardize all states' sales taxes. New Mexico's gross receipts tax is unique and unlike any other state, but there may be a long-term economic advantage in participating in discussions with other states on a uniform system of state taxation in order to be in the same game for attracting businesses. He said that New Mexico needs to be at the table because if standardization takes place and New Mexico is not a part of it, the state may be placed at a severe disadvantage.

Questions and discussion by the committee addressed:

- the taxation of internet and catalog sales;
- the proposal to phase out the capital gains deduction for high-income people;
- the capital gains tax for closely held business;
- adjournment of the special session sine die;
- the \$16 million increase to the general fund due to changes in filing and other administrative changes to generate more tax revenue;
- the \$50.8 million net in new taxes;
- the steering committee's selection of 60 out of over 100 options;
- taxing gas at the rack;
- generation of additional revenue;
- tax increase, not reform; and
- that liquor did not take a hit.

The committee approved the minutes of the September meeting.

#### **ECLIPSE AVIATION BUSINESS UPDATE**

Vern Raburn, president and chief executive officer of Eclipse Aviation, told the committee that his company will redesign the air transportation industry. He said that fewer than 600 communities in the United States have any kind of air service, which is 142 communities fewer than 10 years ago. The large airlines' hub business plans have deprived most communities of air service. The air taxi concept is the answer to the traveling public's demand for convenient, affordable air travel. Small, relatively inexpensive aircraft, such as the Eclipse design airframes, will make this a reality, he said. Eclipse is in the business of developing a state of the art airplane, one more advanced than the F22 and F35. In developing and building the most advanced airframe, Eclipse will be using technology that is not now available, such as friction stir-welding. Eclipse Aviation now has 2,000 advance orders and \$67 million worth of business committed for. He said the plane is on track for certification from the Federal Aviation Administration by 2005. At peak production, Eclipse will be employing more than 1,500 employees with a payroll of more than \$76 million. The company anticipates that a small Toyota City will result near the Double Eagle airfield. He said Fuji Industries has been selected

to manufacture the wings, and Fuji has indicated it will build a factory in Albuquerque for that purpose. Mr. Raburn said that he expects 15 to 17 vendors will open facilities in Albuquerque. On top of that, 1,500 customers will annually visit Albuquerque to receive their orders. He said the main problems for business in New Mexico are the flyway tax — he wants a tax exemption on customers' purchases if they take possession in New Mexico — and the state's education system, which is a deterrent to attracting the kind of professional engineering staff needed to get the aircraft into the air.

Questions and comments from the committee dealt with:

- the change in the jet engine vendor to Pratt and Whitney, the "gold standard" in jet engine manufacturers;
- the factors for Eclipse locating in New Mexico — climate, the Sunport's facilities, the industrial revenue bonds made available and the community's commitment to the company;
- design components of the aircraft;
- comparative insufficiencies of school curriculum, teaching skills and lower expectations of parents and teachers of the educational system; and
- the planned pilot training facility at the Double Eagle II airport.

## **RURAL INTERNET ACCESS**

Marlin Coffee, president and chief executive officer, Oso Grande Technologies, Inc., and Jose Luis Sarimento, vice president, explained to the committee the relationship between Oso Grande and its parent organization, Technet. They said that a magnet system was created two years ago to provide rural access. Qwest has the local service areas for the large population centers in the state and Oso Grande has 10 cities in rural New Mexico for internet service. Oso Grande will be partnering with MCI to deploy fiber to those communities.

Questions and comments from the committee dealt with:

- investors in Oso Grande;
- the Magnet project concept to provide an integrated network connecting the densely populated areas and the rural communities; and
- the role of the General Services Department.

## **RURAL ACCESS AND E-MERCADO**

Loretta Armenta, Phil Castillo and Adam Roberts, all of the Albuquerque Hispano Chamber of Commerce, described the e-Mercado concept that was initially supported by the Sandia small business assistance tax credit program. In order to get off the ground, e-Mercado will now need funding from the state and other participants. It will use off-the-shelf and legacy software to connect New Mexico small businesses to the internet, enable search engines to locate New Mexico businesses and provide an internet web site for consumer access and marketing of New Mexico small business products and services that otherwise would not have a presence on the internet. Its cost is estimated to be between \$750,000 and \$1 million.



Questions and discussion addressed:

- the detailed budget;
- user charges;
- models for the system in Maine and Utah;
- links on the web site;
- access by small home-based businesses in rural New Mexico;
- public awareness;
- the potential hurdle of the anti-donation clause to get state funding;
- matching funds from federal, state and local sources; and
- that participants include New Mexico State University, Albuquerque Technical-Vocational Institute, the small business development centers, Sandia National Laboratories, the University of New Mexico and the federal Small Business Administration.

The committee approved a motion to write a letter to each member of New Mexico's congressional delegation to get support for this program.

The committee recessed at 3:45 p.m.

### **Thursday, October 23**

#### **PUBLIC REGULATION COMMISSION TELECOMMUNICATIONS ACTIVITY AND UPDATE**

Lynda Lovejoy, public regulation commissioner, and Michael Ripperger, Public Regulation Commission (PRC) telecommunications bureau chief, spoke to the committee about the need for communication with the legislature regarding how the universal service fund works. They told the committee that the commission is participating in hearings yesterday and today on this subject. A decision will be made probably in December. Mr. Ripperger explained that there is a proceeding before the PRC pending, and, therefore, he may not be able to answer all the committee's questions. The PRC is considering an order that would terminate or extend the fund or its parameters. Explaining the history of the fund, they said that in 1986, the federal Tax Reform Act enabled Mountain Bell to earn an illegal windfall under the state Public Utilities Commission (PUC) rules of \$16 million in over-earnings. The penalty imposed by the PUC was a negotiated \$2 million, which was dedicated to the universal service fund to defray expenses of connecting rural users who otherwise could not afford service due to the distance and cost of connecting to a trunk line. Now, 17 years later, there is a large balance in the fund and the current question is what to do with the balance. It is a liability account against Qwest. There are many potential customers that have not been connected yet. The limits are too low. Broadband and DSL were not in the mix when the program was set up, and consumers are asking that those services be included. A recommendation is to raise the minimum from 5,000 to 15,000 feet. Qwest is requesting that the fund be terminated, but the commission may consider any other alternatives.

Questions and discussion of the committee addressed:

- why the fund has been accruing money for nine years;
- the cost of extending lines to rural customers, anywhere from \$3,000 to \$275,000;
- "rate of return" regulations rather than "price cap" regulations;
- how Qwest wants the fund to be applicable to all telephone customers, not just Qwest's customers;
- that it may cost \$46,000 per customer for only \$13.00 a month income from those customers;
- how customers are selected for services from the fund;
- what areas are in the southern part of the state;
- how rural coops get U.S. Department of Agriculture or other money that Qwest cannot;
- the eligibility of residents in colonias;
- the requirement for Qwest to service areas that are not serviced by water or gas or other public utility services;
- how the power of the PRC to change the rule has been a question;
- other companies affected by the Tax Reform Act windfall in 1986;
- federal money available to other companies for the same service;
- whether Qwest is looking for equity;
- whether it is the rate payers' money that should be returned rather than dedicated to other non-customers;
- the distinction between the rural extension fund (created last year) and the rural intrastate universal service fund (not being paid into at this point) and the federal interstate universal service fund (Federal Communications Commission);
- the status of "choice" for local phone services in urban areas;
- that all companies ought to pay, not one;
- the use of the fund for internet access; and
- potential for legislation to clarify the PRC's jurisdiction.

### **SMALL BUSINESS ASSISTANCE TAX CREDIT**

Lenny Martinez, vice president of manufacturing systems, Sandia National Laboratories (SNL), said SNL spent \$350 million on procurement in New Mexico. Small business is a major component of those vendor services. SNL's small business assistance program started in 2000. He said almost every business in New Mexico except Intel qualifies. He said the program could be improved with strategic links to SNL by other state small business assistance organizations, but he also said that SNL is turning people away because it has more requests than it can handle. The program has cost the state \$5 million but at the same time, SNL has paid \$200 million in gross receipts taxes. SNL has put about \$250,000 into the e-Mercado effort. He said that SNL employees rate their satisfaction high in participating in the program. He asked for support for expansion of the tax credit from 300 to 330 participants and an increase from \$1.8 million to \$4.2 million. It will net no increased costs to the state.

Questions and discussion by the committee addressed:

- the introduction of the same HB 21 and SB 12, respectively sponsored by Representative Heaton and Senator Maes, as introduced last year, with this committee's endorsement; and
- how the Regional Development Corporation has a grant from the National Aeronautics and Space Administration, and SNL has a memorandum of understanding with the Regional Development Corporation to assist each other.

## **BUSINESS INCUBATION**

Sharon Henderson with Northwest New Mexico Community Development Corporation discussed encouragement of entrepreneurship through the business incubation program in Gallup. The incubator places a high priority for participation by startups in the incubator on financing skills and group purchasing agreements. She discussed the non-bankable business loan funds and the individual savings account bill from last year. Some non-bank lenders require equity by the business owner.

Questions and discussion by committee members addressed:

- the method of recruitment of participants;
- the Navajo participation rate;
- the eligibility of jewelry makers for Economic Development Department funding for in-plant training;
- employment at the incubator;
- individual development account legislation; and
- pilot communities and affordable housing.

The committee adjourned at 11:30 a.m.

**MINUTES  
of the  
ECONOMIC AND RURAL DEVELOPMENT AND  
TELECOMMUNICATIONS COMMITTEE**

**November 20-21, 2003  
Room 322, State Capitol**

**PRESENT**

Sen. Roman M. Maes III, chair  
Rep. Mary Helen Garcia, vice chair  
Rep. Jose A. Campos  
Sen. Mary Jane M. Garcia  
Sen. Phil A. Griego  
Sen. Clinton D. Harden, Jr.  
Rep. Richard D. Vigil

**ABSENT**

Rep. Richard Cheney  
Rep. Daniel R. Foley  
Sen. Carroll H. Leavell  
Rep. Patricia A. Lundstrom  
Sen. John Pinto  
Rep. Raymond M. Ruiz  
Sen. William E. Sharer

**Advisory Members**

Rep. Ted Hobbs  
Rep. Andy Nunez  
Rep. Pauline J. Ponce  
Rep. Debbie A. Rodella

Sen. Ben D. Altamirano  
Sen. Dianna J. Duran  
Rep. Diane Miller Hamilton  
Rep. John A. Heaton  
Sen. Stuart Ingle  
Sen. Timothy Z. Jennings  
Sen. Raymond Kysar  
Rep. Nick L. Salazar  
Sen. Leonard Tsosie

**Staff**

Gordon Meeks  
Larry Matlock

Sen. Roman M. Maes III called the meeting to order at 10:02 a.m.

**Wednesday, November 19**

**RENEWABLE ENERGY PORTFOLIO**

Art Hull, Government Affairs Office of the Public Service Company of New Mexico (PNM), and Tom Wander, director, Regulatory Policy Department of PNM, asked the committee to support legislation to put into law the existing renewable energy portfolio rules of the Public Regulation Commission (PRC). They said that the version of the bill submitted to the committee with this testimony has been negotiated by all the stakeholders, and they asked that it not be amended, but introduced in its current form and be subject to amendment during the regular session. An extensive discussion followed their remarks and addressed:

- the higher costs of so-called "clean" energy compared to conventional energy

- sources;
- importance of the new wind farm to the economy of the eastern plains;
- percentage of consumers that choose renewable energy options, 10 percent;
- PRC's position on the bill;
- Intel opposes it, arguing that the industrial consumers will pay for it; and
- need for attention to the transmission costs and getting the power from where it is to the grid, the costs of which can exceed the cost of generating the energy.

Craig O'Hare, Energy, Minerals and Natural Resources Department, told the committee that he has been appointed to help Governor Bill Richardson with energy policy. He said that the public supports renewable energy and that the governor's administration supports codifying the renewable energy portfolio rules. He lauded PNM, saying that the legislation leaves the existing rule making intact except for the three major provisions. He added that the administration supports reasonable cost recovery and keeping costs within reason. The administration does not support tinkering with the substance of the renewable portfolio standard as adopted by the PRC.

Renewed questions addressed:

- the level of renewable energy required by the rule, 10 percent by 2011;
- other states' policies—fifteen states have renewable portfolio standards; and
- cost-effective development of renewable energy.

The chair asked for and received the committee's endorsement of the legislation, recognizing that changes will eventually be made to the bill.

## **FILM PRODUCTION IN NEW MEXICO**

Frank Zuniga, director, the New Mexico Film Division (NMFD), introduced Lisa Stroud, deputy director, and David Breecker, consultant to the Film Advisory Board (FAB). They testified that FMFD and FAB are looking into the benefits of new media technologies that can enhance New Mexico's economy beyond the conventional attention paid to film and television production work. They are preparing a strategic plan to focus on media development. The preparation and implementation of the strategic plan is being funded by the private sector, and they are not asking the state for money.

Marshal Monroe, FAB chairman and former director of Walt Disney Studio's Imagineering Division, was introduced. He reiterated that the future of the state's media-based economy is in enterprises associated with digital technology.

The committee asked the NMFD to provide a quarterly update on what the it is doing, and a newsletter was suggested.

The discussion addressed:

- current activities—nine films are in various stages of production, 15 more "standing at the door";

- gross receipts taxes paid by film productions in the communities;
- military and government lab research provides the basis for expanding into digital media software development;
- visualization and simulation software demands supercomputing infrastructure; and
- need for funds to train five film crews by 2004 through the In-Plant Training Program.

Chairman Maes modified the agenda for the second day of the meeting to accommodate a follow-up to a question regarding how much money is needed for the NMFD.

The speakers gave the committee a better description of the components in the strategic plan. They will be conducting an inventory of New Mexico's media assets and resources, which are considered to be key factors to the plan's success. They are seeking an industry partner, perhaps a major studio or media company, to participate with investments in permanent facilities and to make a commitment to New Mexico for the long term. A global concern may be interested.

They said they are creating a network and a structure with New Mexico educational institutions to establish a high-level professional creative training capacity. A technology-transfer institute designed to extract technology from the military and government research labs is also envisioned.

More questions regarded:

- difficulty in setting up a film festival like Sundance;
- improving the state's services to the industry;
- the amount of new jobs for New Mexicans;
- the major enticements that attracted those nine films in production — 15 percent tax credit;
- Canadian film incentive requirements;
- pay scale in the digital media industry;
- productions in rural areas and casting sessions to find extras;
- infrastructure for digital movie production; and
- the adequacy of New Mexico's telecommunications infrastructure.

## **RECLASSIFICATION OF TELEPHONE REGULATIONS**

Dave Duran, Bill Garcia, Duffy Swan and Raymond Sanchez, speaking on behalf of Valor Communications, asked the committee to support a bill to provide for a classification for mid-sized telephone service providers. They said that the goal of the legislation would be to make regulations fair for mid-sized businesses in the industry. They said that Valor currently submits to regulations designed for a very large company. This bill will create a small, medium and large classification scheme for service providers.

Questions and comments addressed:

- consideration for the quality of the service being provided;
- support by other interests for the efforts of Valor;
- effect of this legislation on other carriers;
- germaneness of the bill in the next session; and
- pricing flexibility.

The committee voted to endorse the legislation.

### **CLOVIS AGRICULTURAL SCIENCE CENTER**

Tye Curtis, Agricultural Advisory Council, and Rex Kirksey, Agricultural Science Center at Clovis, told the committee that Curry and Roosevelt counties are two of the top dairy-producing counties in the United States. A number of issues need to be addressed, mainly related to water. They said that the feedstock supply and shifts in the cropping patterns have been affected by the dairies, which are the main consumers of agricultural products in those counties. They said that New Mexico State University should help the dairy industry compete with dairies around the nation, specifically with improved research and educational outreach relating to soil quality. They said that this is a request from area businesses, not the University, and asked for the committee to endorse and support this legislation.

The committee asked questions and made comments on:

- support of the university;
- service to different areas in the southeast part of the state; and
- water issues.

The committee voted to endorse the legislation.

### **HYDROGEN FUEL ENERGY DEVELOPMENT**

Ken Freese and Mike Orshan, of the Economic Development Department, told the committee that they are not in a position to tell the committee how much money they will be seeking from the legislature. Chairman Maes told them that the committee cannot endorse the program without the numbers, and that since this was the last meeting, they should come back tomorrow for ten minutes with the amount of money they will be seeking.

### **CENTER FOR THE SUPPORT OF ECONOMIC DEVELOPMENT**

Steve Beffort, director of the Center for Support of Economic Development at the Anderson School of Management at the University of New Mexico, asked the committee for support of his proposal to assist rural New Mexico communities. The proposal would initiate cooperative efforts among communities within a region of similar economic resources.

Questions and comments:

- is the request endorsed by the board of regents; and
- appropriate the money to the Economic Development Department and contract it out.

The committee endorsed the appropriation to the Economic Development Department to be performed by the Anderson School of Management.

### **E-MERCADO.COM**

Phil Castillo and Adam Roberts, with the Albuquerque Hispano Chamber of Commerce, told the committee that the e-Mercado.com project will need \$952,000, but that the governor has not yet confirmed his commitment.

The committee voted to endorse the proposal.

### **Thursday, November 20**

### **NATIONAL GUARD ARMORY MAINTENANCE AND OPERATIONS**

Delano Garcia and John Early of the Department of Military Affairs, told the committee that the state's National Guard units are receiving deployment orders. New Mexico has the second most deployed National Guard in the United States. At the prompting of the chairman, they said they are asking for \$674,000. They explained that this figure represents a significant increase over the 2004 budget because their budget has been reduced by almost 30 percent over the last three years. They said that the requested increase would actually bring the National Guard's budget into line with what they had received in past years. The main reason for recent cuts has been the increased budget for the Youth Challenge Program, which was essentially funded by cuts in operating expenses, i.e., the armory maintenance budget. For the new deployments, the quality of training is crucial to decrease the possibility of injury or death in combat. The condition of the armories directly relates to the quality of their training.

Questions and comments addressed:

- support for families of service people on active deployment; and
- the federal Soldiers and Sailors Act protects them while they are active, but there is a need for a similar act at the state level.

The committee voted to endorse the appropriation request as well as a state-level Soldiers and Sailors Act.

### **FILM OFFICE**

Frank Zuniga, Lisa Stroud, Marshall Monroe and Jan Paulk told the committee that upon its urging they have begun to develop a newsletter and will work to notify local communities whenever there is a casting call. They reported that they are not in a position to request a specific dollar amount.



The committee endorsed a bill to appropriate \$75,000 to the NMFD. The committee also endorsed a name change for NMFD and a capital appropriation.

### **HYDROGEN FUEL**

The committee endorsed a fuel cell research and development proposal in concept.

### **PAISANO BORDER CROSSING ASSISTANCE PROGRAM**

Della Duran, Economic Development Department, described the need for assistance to Mexican nationals working in the United States to return home during Christmas.

The committee endorsed an appropriation for the program.

### **BUSINESS COMMUNITY PROPOSALS FOR ECONOMIC DEVELOPMENT**

Carol Radosevich, economic development coordinator at PNM, described 15 initiatives that the committee endorsed. They are:

1. an appropriation of \$20 million for the job training incentive program (in-plant training);
2. an appropriation of \$2 million for the Economic Development Partnership Program of the Economic Development Department;
3. high-wage jobs tax credit equal to 10 percent of wages and benefits paid for each "new" job;
4. research and development gross receipts tax exemption for technology-based businesses;
5. an appropriation of \$500,000 for a cooperative advertising program;
6. an appropriation of \$700,000 for a business incubator certification program;
7. an appropriation of \$235,000 for the Main Street Program;
8. an appropriation of \$75,000 for the Certified Communities Program;
9. an appropriation of \$2 million for the Small Business Retention and Expansion Program;
10. Military Base Retention Program;
11. Film Advisory Board appropriation;
12. an appropriation of \$200,000 for the governor's Border Conference;
13. invest in New Mexico Program;
14. tax administration improvement package; and
15. an appropriation of \$3 million to facilitate the location of the X-Prize Cup in New Mexico.

The committee adjourned at 12:30 p.m.

# **APPENDIX**

LEGISLATION ENDORSED

BY THE

ECONOMIC AND RURAL DEVELOPMENT AND TELECOMMUNICATIONS  
COMMITTEE

SENATE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

DISCUSSION DRAFT

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND  
TELECOMMUNICATIONS COMMITTEE

AN ACT

MAKING AN APPROPRIATION FOR AN ONLINE NEW MEXICO SMALL BUSINESS  
RETENTION AND EXPANSION INITIATIVE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION. -- Nine hundred fifty-two  
thousand dollars (\$952,000) is appropriated from the general  
fund to the board of regents of the New Mexico institute of  
mining and technology for expenditure in fiscal year 2005 to  
support an online New Mexico small business retention and  
expansion initiative. Any unexpended or unencumbered balance  
remaining at the end of fiscal year 2005 shall revert to the  
general fund.

. 148764. 1

SENATE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

DISCUSSION DRAFT

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND  
TELECOMMUNICATIONS COMMITTEE

AN ACT

MAKING AN APPROPRIATION TO ENHANCE THE RESEARCH AND EDUCATION  
PROGRAMS AT THE NEW MEXICO STATE UNIVERSITY AGRICULTURAL  
SCIENCE CENTER AT CLOVIS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION. --

A. Five hundred eighty-two thousand dollars  
(\$582,000) is appropriated from the general fund to the board  
of regents of New Mexico state university for expenditure in  
fiscal year 2005 to enhance research and education programs  
relating to water conservation, dairy production, cropping  
systems and agricultural sustainability at the agricultural  
science center at Clovis to be spent in the following amounts  
by the following organizations:

. 148469. 1

1 (1) three hundred fifty-four thousand five  
2 hundred dollars (\$354,500) to the agricultural experiment  
3 station; and

4 (2) two hundred twenty-seven thousand five  
5 hundred dollars (\$227,500) to the cooperative extension  
6 service.

7 B. Any unexpended or unencumbered balance remaining  
8 at the end of fiscal year 2005 shall revert to the general  
9 fund.

## SENATE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

DISCUSSION DRAFT

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND TELECOMMUNICATIONS  
COMMITTEE

AN ACT

MAKING AN APPROPRIATION FOR THE COOPERATIVE ADVERTISING PROGRAM  
OF THE ECONOMIC DEVELOPMENT DEPARTMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION. -- Five hundred thousand dollars  
(\$500,000) is appropriated from the general fund to the  
economic development department for expenditure in fiscal year  
2005 to finance the cooperative advertising program. Any  
unexpended or unencumbered balance remaining at the end of  
fiscal year 2005 shall revert to the general fund.

. 148864. 1

## SENATE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

DISCUSSION DRAFT

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND  
TELECOMMUNICATIONS COMMITTEE

AN ACT

MAKING AN APPROPRIATION FOR THE MAIN STREET PROGRAM OF THE  
ECONOMIC DEVELOPMENT DEPARTMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION. --Two hundred thirty-five  
thousand dollars (\$235,000) is appropriated from the general  
fund to the economic development department for expenditure in  
fiscal year 2005 to finance the main street program. Any  
unexpended or unencumbered balance remaining at the end of  
fiscal year 2005 shall revert to the general fund.

. 148866. 1

SENATE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

DISCUSSION DRAFT

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND TELECOMMUNICATIONS

COMMITTEE

AN ACT

MAKING AN APPROPRIATION FOR THE ECONOMIC DEVELOPMENT

DEPARTMENT'S BUSINESS INCUBATOR CERTIFICATION PROGRAM

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION. --Seven hundred thousand dollars (\$700,000) is appropriated from the general fund to the economic development department for expenditure in fiscal year 2005 to finance the business incubator certification program. Any unexpended or unencumbered balance remaining at the end of fiscal year 2005 shall revert to the general fund.

. 148865. 1



## SENATE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

DISCUSSION DRAFT

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND TELECOMMUNICATIONS

COMMITTEE

AN ACT

RELATING TO TAXATION; CREATING THE HIGH-WAGE JOBS TAX CREDIT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. TAX CREDIT--QUALIFYING HIGH-WAGE JOBS. --

A. A taxpayer who is an eligible employer may apply for, and the taxation and revenue department may allow, a tax credit for each new high-wage economic-based job. The credit provided in this section may be referred to as the "high-wage jobs tax credit".

B. The high-wage jobs tax credit may be claimed and allowed in an amount equal to ten percent of the wages and benefits distributed to an eligible employee in a new high-wage economic-based job, but shall not exceed twelve thousand dollars (\$12,000).

1 C. The high-wage jobs tax credit may be claimed by  
2 an eligible employer for each new high-wage economic-based job  
3 performed for the year in which the new high-wage economic-  
4 based job is created and for the three following qualifying  
5 periods.

6 D. A new high-wage economic-based job shall not be  
7 eligible for a credit pursuant to this section unless the  
8 eligible employer's total number of employees with new high-  
9 wage economic-based jobs on the last day of the qualifying  
10 period at the location at which the job is performed or based  
11 is at least one more than the number on the day prior to the  
12 date the job was created.

13 E. With respect to each new high-wage economic-  
14 based job for which an eligible employer seeks the high-wage  
15 jobs tax credit, the employer shall certify:

16 (1) the amount of wages paid to each eligible  
17 employee in a new high-wage economic-based job during each  
18 qualifying period;

19 (2) the number of weeks the position was  
20 occupied during the qualifying period;

21 (3) whether the new high-wage economic-based  
22 job was in a municipality with a population of forty thousand  
23 or more or with a population of less than forty thousand  
24 according to the most recent federal decennial census and  
25 whether the job was in the unincorporated area of a county; and

1 (4) the total number of employees employed by  
2 the employer at the job location on the day prior to the  
3 qualifying period and on the last day of the qualifying period.

4 F. To receive a high-wage jobs tax credit with  
5 respect to any qualifying period, an eligible employer shall  
6 apply to the taxation and revenue department on forms and in  
7 the manner prescribed by the department. The application shall  
8 include a certification made pursuant to Subsection E of this  
9 section.

10 G. The credit provided in this section may be  
11 deducted from the modified combined tax liability of a  
12 taxpayer. If the credit exceeds the modified combined tax  
13 liability of the taxpayer, the excess shall be refunded to the  
14 taxpayer.

15 H. As used in this section:

16 (1) "eligible employee" means an individual  
17 who is employed by an eligible employer and who is a resident  
18 of New Mexico; "eligible employee" does not include an  
19 individual who:

20 (a) bears any of the relationships  
21 described in Paragraphs (1) through (8) of 26 U.S.C. Section  
22 152(a) to the employer or, if the employer is a corporation, to  
23 an individual who owns, directly or indirectly, more than fifty  
24 percent in value of the outstanding stock of the corporation  
25 or, if the employer is an entity other than a corporation, to

1 an individual who owns, directly or indirectly, more than fifty  
2 percent of the capital and profits interest in the entity;

3 (b) if the employer is an estate or  
4 trust, is a grantor, beneficiary or fiduciary of the estate or  
5 trust or is an individual who bears any of the relationships  
6 described in Paragraphs (1) through (8) of 26 U.S.C. Section  
7 152(a) to a grantor, beneficiary or fiduciary of the estate or  
8 trust; or

9 (c) is a dependent, as that term is  
10 described in 26 U.S.C. Section 152(a)(9), of the employer or,  
11 if the taxpayer is a corporation, of an individual who owns,  
12 directly or indirectly, more than fifty percent in value of the  
13 outstanding stock of the corporation or, if the employer is an  
14 entity other than a corporation, of an individual who owns,  
15 directly or indirectly, more than fifty percent of the capital  
16 and profits interests in the entity or, if the employer is an  
17 estate or trust, of a grantor, beneficiary or fiduciary of the  
18 estate or trust;

19 (2) "eligible employer" means an employer  
20 that:

21 (a) made more than fifty percent of its  
22 sales to persons outside New Mexico during the most recent  
23 twelve months of the employer's modified combined tax liability  
24 reporting periods ending prior to claiming a high-wage jobs tax  
25 credit; and

1 (b) is eligible for in-plant training  
2 assistance pursuant to Section 21-19-7 NMSA 1978;

3 (3) "modified combined tax liability" means  
4 the total liability for the reporting period for the gross  
5 receipts tax imposed by Section 7-9-4 NMSA 1978 together with  
6 any tax collected at the same time and in the same manner as  
7 the gross receipts tax, such as the compensating tax, the  
8 withholding tax, the interstate telecommunications gross  
9 receipts tax, the surcharges imposed by Section 63-9D-5 NMSA  
10 1978 and the surcharge imposed by Section 63-9F-11 NMSA 1978,  
11 minus the amount of any credit other than the high-wage jobs  
12 tax credit applied against any or all of these taxes or  
13 surcharges; but "modified combined tax liability" excludes all  
14 amounts collected with respect to local option gross receipts  
15 taxes;

16 (4) "new high-wage economic-based job" means a  
17 job created by an eligible employer on or after July 1, 2004  
18 and prior to July 1, 2009 that is occupied for at least forty-  
19 eight weeks of a qualifying period by an eligible employee who  
20 is paid wages calculated for the qualifying period to be at  
21 least:

22 (a) forty thousand dollars (\$40,000) if  
23 the job is performed or based in a municipality with a  
24 population of forty thousand or more according to the most  
25 recent federal decennial census; and

1 (b) twenty-eight thousand dollars  
2 (\$28,000) if the job is performed or based in a municipality  
3 with a population of less than forty thousand according to the  
4 most recent federal decennial census or in the unincorporated  
5 area of a county;

6 (5) "qualifying period" means the period of  
7 twelve months beginning on the day an eligible employee begins  
8 working in a new high-wage economic-based job or the period of  
9 twelve months beginning on the anniversary of the day an  
10 eligible employee began working in a new high-wage economic-  
11 based job; and

12 (6) "wages" means wages as defined in  
13 Paragraphs (1), (2) and (3) of 26 U.S.C. Section 51(c).

## SENATE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

DISCUSSION DRAFT

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND TELECOMMUNICATIONS  
COMMITTEE

AN ACT

MAKING AN APPROPRIATION FOR THE ECONOMIC DEVELOPMENT  
PARTNERSHIP.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION.--Two million dollars  
(\$2,000,000) is appropriated from the general fund to the  
economic development department for expenditure in fiscal year  
2005 to fund the state's new recruiting organization known as  
the New Mexico economic development partnership to implement an  
aggressive marketing program aimed at generating prospects and  
bringing clients to New Mexico. Any unexpended or unencumbered  
balance remaining at the end of fiscal year 2005 shall revert  
to the general fund.

. 148861. 1

SENATE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

DISCUSSION DRAFT

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND  
TELECOMMUNICATIONS COMMITTEE

AN ACT

MAKING AN APPROPRIATION FOR THE FILM ADVISORY BOARD.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION. -- Seventy-five thousand dollars (\$75,000) is appropriated from the general fund to the economic development department for expenditure in fiscal year 2005 to finance the operations of the film advisory board. Any unexpended or unencumbered balance remaining at the end of fiscal year 2005 shall revert to the general fund.

. 148856. 1



## SENATE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

DISCUSSION DRAFT

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND TELECOMMUNICATIONS

COMMITTEE

AN ACT

RELATING TO UTILITIES; PROVIDING FOR RENEWABLE ENERGY RULES FOR  
PUBLIC UTILITIES; AMENDING SECTIONS OF THE NMSA 1978.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. SHORT TITLE. -- This act may be cited as the  
"Renewable Energy Act".

Section 2. FINDINGS AND PURPOSES. --

A. The legislature finds that:

(1) the generation of electricity through the  
use of renewable energy presents opportunities to improve the  
environment in New Mexico;

(2) the use of renewable energy can bring  
significant economic benefits to rural New Mexico;

(3) public utilities should be required to  
include prescribed amounts of renewable energy in their

1 electrical energy supply portfolios for sales to retail  
2 customers in New Mexico by prescribed dates;

3 (4) public utilities should be able to recover  
4 costs incurred to procure or generate energy from renewable  
5 energy resources; and

6 (5) public utilities should not be required to  
7 acquire energy generated from renewable energy resources that  
8 could result in costs above a reasonable cost threshold.

9 B. The purposes of the Renewable Energy Act are to:

10 (1) prescribe the amounts of renewable energy  
11 resources that public utilities shall include in their  
12 electrical energy supply portfolios for sales to retail  
13 customers in New Mexico by prescribed dates;

14 (2) allow public utilities to recover costs  
15 incurred for procuring or generating renewable energy to comply  
16 with the prescribed amount; and

17 (3) protect public utilities and their  
18 ratepayers from renewable energy costs that are above a  
19 reasonable cost threshold.

20 Section 3. DEFINITIONS. -- As used in the Renewable Energy  
21 Act:

22 A. "commission" means the public regulation  
23 commission;

24 B. "public utility" means an entity certified by  
25 the commission to provide retail electric service in New Mexico

1 pursuant to the Public Utility Act but does not include rural  
2 electric cooperatives;

3 C. "reasonable cost threshold" means the cost  
4 established by the commission above which a public utility  
5 shall not be required to add renewable energy to its electrical  
6 energy supply portfolio pursuant to the renewable portfolio  
7 standard;

8 D. "renewable energy" means electrical energy:

9 (1) generated by use of low- or zero-emissions  
10 generation technology with substantial long-term production  
11 potential; or

12 (2) generated by use of renewable energy  
13 resources that include:

14 (a) solar, wind, hydropower and  
15 geothermal resources;

16 (b) hydrogen; and

17 (c) biomass resources, such as  
18 agriculture or animal waste, small diameter timber, salt cedar  
19 and other phreatophyte or woody vegetation removed from river  
20 basins or watersheds in New Mexico, landfill gas and  
21 anaerobically digested waste biomass; but

22 (3) does not include electrical energy  
23 generated by use of fossil fuel or nuclear energy; and  
24  
25

1 E. "renewable portfolio standard" means the  
2 percentage of retail sales by a public utility to electric  
3 consumers in New Mexico that is supplied by renewable energy.

4 Section 4. RENEWABLE PORTFOLIO STANDARD. --

5 A. A public utility shall meet the renewable  
6 portfolio standard requirements, as provided in this section,  
7 to include renewable energy in its electrical energy supply  
8 portfolio as is appropriate to its suppliers and customers.

9 Requirements of the renewable portfolio standard include:

10 (1) no later than January 1, 2006, renewable  
11 energy shall comprise no less than five percent of total retail  
12 sales to New Mexico customers of each public utility;

13 (2) the renewable portfolio standard shall  
14 increase by one percent per year thereafter until January 1,  
15 2011, when the renewable portfolio standard shall reach a level  
16 of ten percent of a public utility's annual retail sales in New  
17 Mexico and shall remain at ten percent for each year  
18 thereafter; and

19 (3) renewable energy resources that are in a  
20 public utility's electrical energy supply portfolio on the  
21 effective date of this act shall be counted in determining  
22 compliance with this section.

23 B. If a public utility finds that, in any given  
24 year, the cost of renewable energy that would need to be  
25 procured or generated for purposes of compliance with the

1 renewable portfolio standard would be greater than the  
2 reasonable cost threshold as established by the commission  
3 pursuant to this section, the public utility shall not be  
4 required to incur that cost; provided that the existence of  
5 this condition excusing performance in any given year shall not  
6 operate to delay the annual increases in the renewable  
7 portfolio standard in subsequent years. When a public utility  
8 can generate or procure renewable energy at or below the  
9 reasonable cost threshold, it shall be required to add  
10 renewable energy resources to meet the renewable portfolio  
11 standard applicable in the year when the renewable energy  
12 resources are being added.

13 C. By December 31, 2004, the commission shall  
14 establish, after notice and hearing, the reasonable cost  
15 threshold above which level a public utility shall not be  
16 required to add renewable energy to its electrical energy  
17 supply portfolio pursuant to the renewable portfolio standard.  
18 In establishing the reasonable cost threshold, the commission  
19 shall take into account:

- 20 (1) the costs of renewable energy;  
21 (2) the availability of tax credits for  
22 renewable energy;  
23 (3) the impact of the cost for renewable  
24 energy on overall retail customer rates;  
25

1 (4) the overall diversity, reliability,  
2 availability, dispatch flexibility, cost per kilowatt-hour and  
3 life cycle cost on a net present value basis of renewable  
4 energy resources available from suppliers; and

5 (5) other factors the commission deems  
6 relevant.

7 D. Any renewable energy resources that a public  
8 utility has committed to its electrical energy supply portfolio  
9 prior to the commission's establishing a reasonable cost  
10 threshold shall be deemed to be reasonable for purposes of  
11 determining compliance with the renewable portfolio standard  
12 and for cost recovery. Any renewable energy resources that a  
13 public utility has committed to its portfolio in reliance on  
14 the reasonable cost threshold established by the commission,  
15 even if later changed, shall be deemed to be reasonable for  
16 purposes of determining compliance with the renewable portfolio  
17 standard and for cost recovery.

18 Section 5. RENEWABLE ENERGY CERTIFICATES-- COMMISSION  
19 DUTIES. --The commission shall establish:

20 A. a system of renewable energy certificates that  
21 can be used by a public utility to establish compliance with  
22 the renewable portfolio standard. The kilowatt-hour value of  
23 renewable energy certificates may be varied by renewable energy  
24 resource or technology; provided that each renewable energy  
25

1 certificate shall have a minimum value of one kilowatt-hour of  
2 renewable energy; and

3 B. requirements and procedures concerning renewable  
4 energy certificates that include the provisions that:

5 (1) renewable energy certificates:

6 (a) are owned by producers of renewable  
7 energy until transferred to another party;

8 (b) may be traded, sold or otherwise  
9 transferred by their owner to any other party; provided that  
10 the transfers shall not require the physical delivery of  
11 electrical energy represented by the certificate;

12 (c) that are used once by a public  
13 utility to satisfy the renewable portfolio standard or that are  
14 traded, sold or otherwise transferred by the public utility  
15 shall not be further used by the public utility; and

16 (d) that are not used by a public  
17 utility to satisfy the renewable portfolio standard or that are  
18 not traded, sold or otherwise transferred by the public utility  
19 may be carried forward for up to four years from the date of  
20 issuance and, if not used by that time, shall be retired by the  
21 public utility; and

22 (2) a public utility shall be responsible for  
23 demonstrating that a renewable energy certificate used for  
24 compliance with the renewable portfolio standard is derived  
25 from eligible renewable energy resources and has not been

1 retired, traded, sold or otherwise transferred to another  
2 party.

3 Section 6. COST RECOVERY FOR RENEWABLE ENERGY. -- A public  
4 utility that procures or generates renewable energy shall have  
5 reasonable opportunity to recover costs, including  
6 interconnection and transmission costs, incurred for purposes  
7 of complying with the renewable portfolio standard as part of  
8 its electric rate structure as set by the commission. The  
9 costs shall be subject to ordinary state and federal  
10 jurisdictional allocations.

11 Section 7. COMMISSION-- ADDITIONAL POWERS AND DUTIES. -- The  
12 commission:

13 A. shall adopt rules for compliance with the  
14 renewable portfolio standard, including a provision for public  
15 utility records and reports;

16 B. may require that a public utility offer its  
17 retail customers a voluntary program for purchasing renewable  
18 energy that is in addition to energy provided by  
19 the public utility pursuant to the renewable portfolio  
20 standard, under rates and terms that are approved by the  
21 commission; and

22 C. may exempt from compliance with the renewable  
23 portfolio standard a public utility that has preexisting  
24 electricity supply contracts on July 1, 2004, and the contracts  
25 would not reasonably permit them to procure renewable energy



1 for purposes of meeting the renewable portfolio standard. When  
2 the electricity supply contract is amended or renegotiated, the  
3 commission may require that a renewable portfolio standard  
4 become applicable.

5 Section 8. RURAL ELECTRIC COOPERATIVES--VOLUNTARY  
6 TARIFFS. --The commission may require that a rural electric  
7 cooperative:

8 A. offer its retail customers a voluntary program  
9 for purchasing renewable energy under rates and terms that are  
10 approved by the commission, but only to the extent that the  
11 cooperative's suppliers make renewable energy available under  
12 wholesale power contracts; and

13 B. report to the commission the demand for  
14 renewable energy pursuant to a voluntary program.

15 Section 9. EXISTING RULES. --Any rules and regulations  
16 establishing a renewable portfolio standard adopted by the  
17 commission prior to the enactment of the Renewable Energy Act  
18 shall be valid and enforceable, except for those provisions  
19 that are inconsistent with the provisions of that act.

20 Section 10. EFFECTIVE DATE--The effective date of the  
21 provisions of this act is July 1, 2004.

SENATE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

DISCUSSION DRAFT

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND  
TELECOMMUNICATIONS COMMITTEE

AN ACT

MAKING AN APPROPRIATION TO THE DEPARTMENT OF MILITARY AFFAIRS  
FOR THE OPERATIONS AND MAINTENANCE OF NATIONAL GUARD ARMORIES  
STATEWIDE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION. -- Six hundred seventy-four  
thousand dollars (\$674,000) is appropriated from the general  
fund to the department of military affairs for expenditure in  
fiscal year 2005 to provide for the maintenance and operational  
expenses of national guard armories statewide. Any unexpended  
or unencumbered balance remaining at the end of fiscal year  
2005 shall revert to the general fund.

. 148766. 1

## SENATE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

DISCUSSION DRAFT

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND  
TELECOMMUNICATIONS COMMITTEE

AN ACT

MAKING AN APPROPRIATION FOR THE BORDER AUTHORITY TO SUPPORT THE  
PAISANO PROGRAM FOR MEXICAN NATIONALS LIVING IN THE UNITED  
STATES TO VISIT THEIR FAMILIES ACROSS THE BORDER DURING  
CHRISTMAS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION.--Fifty thousand dollars  
(\$50,000) is appropriated from the general fund to the border  
authority for expenditure in fiscal year 2005 to support the  
border authority's paisano program of assistance to Mexican  
nationals living in the United States who visit their families  
across the border during Christmas. Any unexpended or  
unencumbered balance remaining at the end of fiscal year 2005  
shall revert to the general fund.

. 148343. 1

## SENATE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

DISCUSSION DRAFT

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND TELECOMMUNICATIONS

COMMITTEE

AN ACT

RELATING TO TAXATION; ENACTING NEW SECTIONS OF THE GROSS  
RECEIPTS AND COMPENSATING TAX ACT; PROVIDING FOR A RESEARCH AND  
DEVELOPMENT SMALL BUSINESS TAX DEDUCTION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Gross Receipts and  
Compensating Tax Act is enacted to read:

" [NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--RESEARCH AND  
DEVELOPMENT SMALL BUSINESSES. --

A. Receipts of a qualified research and development  
small business may be deducted from gross receipts. The  
deduction provided by this section may be claimed only for a  
period ending thirty-five consecutive calendar months after the  
first calendar month for which the deduction is claimed by the

1 taxpayer or by a person to whom the taxpayer is a successor  
2 pursuant to Section 7-1-61 NMSA 1978.

3 B. As used in this section:

4 (1) "qualified research and development small  
5 business" means a business, including a corporation, general  
6 partnership, limited partnership, limited liability company,  
7 sole proprietorship or other similar entity, that:

8 (a) employed no more than twenty-five  
9 employees on a full-time-equivalent basis in any prior calendar  
10 month;

11 (b) had total revenues of no more than  
12 ten million dollars (\$10,000,000) in any prior fiscal year;

13 (c) did not in any prior calendar month  
14 have more than fifty percent of its voting securities or other  
15 equity interest with the right to designate or elect the board  
16 of directors or other governing body of the qualified business  
17 owned directly or indirectly by another business; and

18 (d) has made qualified research  
19 expenditures for the period of twelve calendar months ending  
20 with the month for which the deduction is sought of at least  
21 twenty percent of its total revenues for those twelve calendar  
22 months;

23 (2) "qualified research expenditure" means an  
24 expenditure in connection with qualified research, but does not  
25 include any expenditure on research funded by any grant,

1 contract or similar mechanism by another person or governmental  
2 entity, and does not include any expenditure on property that  
3 is owned by a municipality or county in connection with an  
4 industrial revenue bond project or property for which the  
5 taxpayer has received any credit pursuant to the Capital  
6 Equipment Tax Credit Act, the Investment Credit Act or the  
7 Technology Jobs Tax Credit Act; and

8 (3) "qualified research" means research:

9 (a) that is undertaken for the purpose  
10 of discovering information that is technological in nature and  
11 the application of which is intended to be useful in the  
12 development of a new or improved business component of the  
13 taxpayer; and

14 (b) in which substantially all  
15 activities constitute elements of a process of experimentation  
16 related to new or improved function, performance, reliability  
17 or quality, but not related to style, taste, cosmetic or  
18 seasonal design factors. "

19 Section 2. A new section of the Gross Receipts and  
20 Compensating Tax Act is enacted to read:

21 "[NEW MATERIAL] DEDUCTION--COMPENSATING TAX--RESEARCH AND  
22 DEVELOPMENT SMALL BUSINESSES. --

23 A. A qualified research and development small  
24 business may deduct the value of tangible personal property in  
25 computing the compensating tax due if the property is used in

1 connection with a qualified research expenditure. The  
2 deduction provided by this section may be claimed only for a  
3 period ending thirty-five consecutive calendar months after the  
4 first calendar month for which the deduction is claimed.

5 B. As used in this section:

6 (1) "qualified research and development small  
7 business" means a business, including a corporation, general  
8 partnership, limited partnership, limited liability company,  
9 sole proprietorship or other similar entity, that:

10 (a) employed no more than twenty-five  
11 employees on a full-time-equivalent basis in any prior calendar  
12 month;

13 (b) had total revenues of no more than  
14 ten million dollars (\$10,000,000) in any prior fiscal year;

15 (c) did not in any prior calendar month  
16 have more than fifty percent of its voting securities or other  
17 equity interest with the right to designate or elect the board  
18 of directors or other governing body of the qualified business  
19 owned directly or indirectly by another business; and

20 (d) has made qualified research  
21 expenditures for the period of twelve calendar months ending  
22 with the month for which the deduction is sought of at least  
23 twenty percent of its total revenues for those twelve calendar  
24 months;

1                   (2) "qualified research expenditure" means an  
2 expenditure in connection with qualified research, but does not  
3 include any expenditure on research funded by any grant,  
4 contract or similar mechanism by another person or governmental  
5 entity, and does not include any expenditure on property that  
6 is owned by a municipality or county in connection with an  
7 industrial revenue bond project or property for which the  
8 taxpayer has received any credit pursuant to the Capital  
9 Equipment Tax Credit Act, the Investment Credit Act or the  
10 Technology Jobs Tax Credit Act; and

11                   (3) "qualified research" means research:  
12                   (a) that is undertaken for the purpose  
13 of discovering information that is technological in nature and  
14 the application of which is intended to be useful in the  
15 development of a new or improved business component of the  
16 taxpayer; and

17                   (b) in which substantially all  
18 activities constitute elements of a process of experimentation  
19 related to new or improved function, performance, reliability  
20 or quality, but not related to style, taste, cosmetic or  
21 seasonal design factors. "



SENATE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

DISCUSSION DRAFT

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND  
TELECOMMUNICATIONS COMMITTEE

AN ACT

MAKING AN APPROPRIATION FOR THE ECONOMIC DEVELOPMENT  
DEPARTMENT'S CERTIFIED COMMUNITIES PROGRAM

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION. -- Seventy-five thousand dollars  
(\$75,000) is appropriated from the general fund to the economic  
development department for expenditure in fiscal year 2005 to  
support the certified communities program. Any unexpended or  
unencumbered balance remaining at the end of fiscal year 2005  
shall revert to the general fund.

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## 1 SENATE BILL

2 46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

3 INTRODUCED BY

4  
5 DISCUSSION DRAFT6  
7 FOR THE ECONOMIC AND RURAL DEVELOPMENT AND  
8 TELECOMMUNICATIONS COMMITTEE9  
10 AN ACT11 MAKING AN APPROPRIATION FOR BUSINESS RETENTION AND EXPANSION  
12 SERVICES OF THE SMALL BUSINESS DEVELOPMENT CENTERS.13  
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:15 Section 1. APPROPRIATION. --Two million dollars  
16 (\$2,000,000) is appropriated from the general fund to the  
17 economic development department for expenditure in fiscal year  
18 2005 to support business retention and expansion services of  
19 the small business development centers statewide. Any  
20 unexpended or unencumbered balance remaining at the end of  
21 fiscal year 2005 shall revert to the general fund.22 . 148858. 1  
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## SENATE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

DISCUSSION DRAFT

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND TELECOMMUNICATIONS  
COMMITTEE

AN ACT

MAKING AN APPROPRIATION FOR THE BORDER GOVERNORS' CONFERENCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION. -- Two hundred thousand dollars (\$200,000) is appropriated from the general fund to the office of the governor for expenditure in fiscal year 2005 to conduct the border governors' conference. Any unexpended or unencumbered balance remaining at the end of fiscal year 2005 shall revert to the general fund.

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## SENATE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

DISCUSSION DRAFT

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND TELECOMMUNICATIONS  
COMMITTEE

AN ACT

MAKING AN APPROPRIATION FOR DEVELOPMENT TRAINING PROGRAMS;  
DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION.--Twenty million dollars  
(\$20,000,000) is appropriated from the general fund to the  
development training fund for expenditure in fiscal year 2005  
and subsequent fiscal years for a development training program  
providing classroom and in-plant training to furnish qualified  
manpower resources for certain new or expanding industries and  
businesses in the state. Any unexpended or unencumbered  
balance remaining at the end of a fiscal year shall not revert  
to the general fund.

Section 2. EMERGENCY.--It is necessary for the public  
peace, health and safety that this act take effect immediately.

## HOUSE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

DISCUSSION DRAFT

FOR THE ECONOMIC AND RURAL DEVELOPMENT  
AND TELECOMMUNICATIONS COMMITTEE

AN ACT

MAKING AN APPROPRIATION FOR A PILOT PROJECT FOR RURAL  
INTERCOMMUNITY COOPERATIVE DEVELOPMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION. -- One hundred seventy-five  
thousand dollars (\$175,000) is appropriated from the general  
fund to the economic development department for expenditure in  
fiscal year 2005 to conduct a pilot project in rural  
intercommunity cooperative development by the center for the  
support of economic development at the Anderson schools of  
management. Any unexpended or unencumbered balance remaining  
at the end of fiscal year 2005 shall revert to the general  
fund.

. 148765. 1

## HOUSE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

DISCUSSION DRAFT

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND  
TELECOMMUNICATIONS COMMITTEE

## AN ACT

MAKING AN APPROPRIATION TO THE ECONOMIC DEVELOPMENT DEPARTMENT  
FOR A COMPETITIVE GRANTS PROGRAM IN THREE COMMUNITIES TO  
DEMONSTRATE ENTERPRISE FACILITATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION.--Three hundred thousand dollars  
(\$300,000) is appropriated from the general fund to the  
economic development department for expenditure in fiscal year  
2005 for a competitive grants program in three communities to  
demonstrate the efficacy of enterprise facilitation. The  
grants made under this appropriation shall require a fifty  
percent match from the recipient communities for their  
eligibility. Any unexpended or unencumbered balance remaining  
at the end of fiscal year 2005 shall revert to the general  
fund.

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